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COORDINADORA'S CACERES ON NATIONAL UNITY, FACTION'S ROLE

Buenos Aires INFORME INDUSTRIAL in Spanish No 91 Aug-Sep 86 pp 24-28

[Interview with Dr Luis Alberto Caceres by Maria Irene Naselli; date and place not given; first three paragraphs are introduction]

[Text] He has one of those faces and several of those ways that we Buenos Aires natives recognize as characteristic of people from the provinces. Which is fine, because many of us have had our features blurred from looking at the port so long.

Dr Luis Alberto "Changui" Caceres, on the contrary, preserves the truly Argentine traits that are seemingly still to be found only in the sparsely populated but surprising "interior."

A candidate for the Radical Civic Union's nomination for governor of the province of Santa Fe, he is, according to several political grapevines, a potential competitor along higher and longer roads.

INFORME INDUSTRIAL: At this stage of the campaign I obviously cannot ask you about your future government plans. But since I would like to believe that people run for office because they hold different political views, not just because a change of personnel is needed, I would like you to tell me about the main ideas behind your campaign.

Luis Alberto Caceres: I start from the premise that we have to have a clear idea of two things: the goal being pursued and the way to achieve it. But now that I think of it, I would add that it is indispensable to keep the starting point very much in mind. Amid a national crisis and with our provinces going backwards, we have accepted the challenge of beginning the takeoff from and for the province. We cannot promise that it will become a sort of earthly paradise, because we all know about limitations, but we are convinced that although the best possible Santa Fe is far from our reach, we can do something about the realities that we are living with today.

An attempt to improve the province means acknowledging the stark differences within it. The north is quite backward. There are traditional pockets of prosperity here and there like Reconquista or Avellaneda. The coast is growing steadily poorer. The central region is where the government lies, and

the south used to be thriving and prosperous. They are all pieces of a territory that ought to be coordinated and integrated for a takeoff that is not at odds with the old idea of the province and of the lost solidarity that we must recover. Clearly, however, we must also have the proper tools to make the change.

INFORME INDUSTRIAL: What sort of tools?

Luis Alberto Caceres: Actually, we are talking about a very basic idea that we can transfer from the national to the provincial level. It entails coordinating the large group of men and women who, in spite of their different origins and their distinct political and social affiliation, share a devotion to the nation and an understanding of the people.

INFORME INDUSTRIAL: This idea of nation and people has been quite bastardized...

Luis Alberto Caceres: As in recent years, the idea of national unity...

INFORME INDUSTRIAL: ...which I would like you to define.

Luis Alberto Caceres: In societies and especially in societies beset by crisis, the great majority of citizens have traditionally had common objectives. At the same time, however, the trivial aspects of national agendas have often dispersed our efforts and diverted us from what is really important.

I cannot conceive of the Santa Fe that we want without the contributions of nationally-minded businessmen, without the efforts of farmers and ranchers, without the sweat of the workingman and without the intelligence and talent of experts and intellectuals.

INFORME INDUSTRIAL: How much of gross industrial output do nationally-mided businessmen account for?

Luis Alberto Caceres: I don't have the figures...but perhaps not very much of it. In any event, the fact that those businessmen do not carry much weight today does not mean that they should not in the future.

INFORME INDUSTRIAL: What does Argentina have to do to develop businessmen like Brazil's or even Mexico's?

Luis Alberto Caceres: It depends partly on the policies that are pursued and on the aid and incentives that the government is prepared to give them, but it also depends largely on the businessmen themselves. I think that Argentine society has been on a bumpy road because we are all responsible for certain mistakes and because we have also been quite unresponsive to self-criticism and calls for rectification. We stubbornly travel the same roads that have proven wrong and we have done so throughout our nation's history.

INFORME INDUSTRIAL: Is this is accident or is it due to some sort of homegrown imbecility?

Luis Alberto Caceres: No, no. I think that we are constantly buffeted by influences and suggestions that are not necessarily in Argentina's interest. But they take advantage of shortcomings that we do not admit we have, and as a result we fail to change. We are always finding fault with everything. All someone has to do is put forth a proposal that meets the requirements that we have set for ourselves until then, and right away everyone starts chiming in with the whys and the what fors...Is this the right time? Is this the right way? And what do you think the possible implications are?

INFORME INDUSTRIAL: I think that it is true that we Argentines are very suspicious and that we ask questions to the point of futility. It is also true, however, that this tendency to find fault has to do (though not always) with the fact that we have been deceived for a long time.

Luis Alberto Caceres: That may be one of the reasons, but not the only one.

I think that the average Argentine combines a high degree of rationality with a higher degree of craftiness and that this combination tends to be explosive or, at least, troublesome. You know that another of the beliefs that are deeply rooted among us is that victory is possible only if others fail, an approach that conspires against the unified country that we want to build.

INFORME INDUSTRIAL: Cannibalistic societies tend to result from the tactless policies that their leaders foster.

They may be undesirable consequences, if you wish, but they are inevitable. A country that downplays its importance, a country in which feuding is encouraged between sectors and even within sectors, is a country whose inhabitants conclude that survival depends not on solidarity but on the divisive philosophy of every man for himself.

Luis Alberto Caceres: Without doubt. But we still have the sort of country we do because our political, labor and business leaders have looked after the interests of those who are leading us astray much more than the interests of those who have to unite us to change the country for the better.

Giving Argentina a new look is indissolubly linked to changes in the behavior of each of us. If we succeed in undertaking mature, thoughtful efforts towards finding common denominators, the future is possible, because I think that basically the workers, businessmen and professionals are asking for very similar things if they agree on the underlying cause of the crisis and that there is no magic answer.

And if we don't do it ourselves, what can we expect from outside?

In all of history I have never heard of the powerful nations resolving a complicated situation in a country out of fraternal solidarity. And I say this with total humility.

INFORME INDUSTRIAL: There are obvious signs of a greater maturity in certain segments of society...

Luis Alberto Caceres: Yes, I think that we Argentines are maturing quickly and unevenly, because the common people, the rank and file, are way out in front of leaders of any persuasion. Psychedelic, rigid, self-seeking attitudes continue to predominate among the latter.

We have to take up the challenge of changing from within, which must be complemented (though only in the broadest outlines) with the kind of country or (in this case) the model of the province we can achieve.

The objective is not more ranting and raving, but instead specific accomplishments that must be realized with input from everyone.

INFORME INDUSTRIAL: But how?

Luis Alberto Caceres: National unity must become an everyday practice. This is one of the issues on which our leaders have lagged behind.

National unity is one of the strongest rallying points when societies try to overcome crises. Postwar Europe would never have made it if its leaders at the time had not wisely undertaken the difficult exercise of learning to separate what is fundamental from what is secondary. Given the extent of our crisis, we have to accept, and unfortunately for quite some time, that we must strive to combine the efforts of businessmen who are already hard hit, of workers who have been poorly paid for years, of experts who have been poorly utilized and of farmers and ranchers whose woes are compounded by a clearly unfavorable international situation. All of these sectors are going to have to sweat a little harder for quite some time. But it's more than sweat...it's also imagination to build the country we can build amid the domestic crisis and the major changes that are taking place in the outside world.

In the 1960's we began to see major socioeconomic changes, spurred by the scientific and technological breakthroughs in the central countries. In the United States, for example, every fourth worker is in overalls looking into a computer. And estimates are that over the next 3 years two of every four workers will be sitting in front of computers that may be even more sophisticated. This undoubtedly entails the sort of social change that came with the advent of machines and the Industrial Revolution, because it was in that context that the labor movement developed.

INFORME INDUSTRIAL: Do science and technology change the complex structures of our different societies, or on the contrary does socioeconomic change spur new directions in science and technology? I wonder about the following very seriously in the face of all this talk about modernization: Do science and technology change little-developed societies like ours or do they have that effect only in the societies that are able to provide them with an organizational foundation?

Luis Alberto Caceres: Scientific and technological progress is inexorable. No one can stop it.

INFORME INDUSTRIAL: I would never even dream of trying.

Luis Alberto Caceres: No, but it so happens that this progress affects everything all at once; it changes methods of production and transforms society.

INFORME INDUSTRIAL: We all realize that scientific and technological progress requires resources, and unfortunately our scarcest resource is capital. Let's assume you become governor of Santa Fe. Think about your budget. How much money would you allocate for science and technology and how much to resolve the problems of backwardness in the province? Or do we have to wait for the new cycle to end and for the research that we are about to conduct to solve our problems for us at some point?

Luis Alberto Caceres: I have to take both things into account. One has to do with short-term change and the other with structural change. I am convinced that I have to attend to the needs of my fellow Santa Feans, but I also have to offer them options and goals that do not exist today.

Let me give you an example. If I tell a man dying of thirst in the middle of the desert that he will get to a tank of fresh water in 30 days, he will die just the same. But giving him a glass of water is not much help either, because we would only be prolonging his life 1 day.

INFORME INDUSTRIAL: I like that. But I would like you to clarify another point for me. What does modernize mean? Developing an electronics industry or buying electronics? Is putting a cassette player on a tractor modernization? What is a modern society?

Luis Alberto Caceres: I think that there are several ways of looking at the issue. But I would say, basically, that there is still a sharp dividing line between the central and the peripheral countries. I should clarify that the latter category of countries is highly heterogeneous.

So, bearing in mind that some countries sovereignly choose to overcome their backwardness (spelling out their desire in a political agenda for the country they want) and that the outside world is changing and growing, we must decide what to do and how to do it.

INFORME INDUSTRIAL: To what extent do we decide? To what extent do the niches in which we can fit decide for us?

Luis Alberto Caceres: That is the issue: To what extent...

My premise is that a sovereign nation has to make its own decision, with a sufficient dose of realism to see that the outside world exists and that it is a major conditioning factor. Thereafter we have to watch our step, realize our weaknesses and assess the worth of those that we have taken.

It is this dose of realism, which I find indispensable, that other political parties are reproaching us for, when they are not responsible for running the country during the most critical years of its life as a nation.

These hardline and not always well-intentioned stances further hamper an effort that would be difficult even if we all pushed in the same direction.

But getting back to the issue, I must also point out that if we look at certain countries that appear modern, we will reach the conclusion that there is also modern dependence. Because the dividing line is still dependence, not modernization or backwardness in the abstract.

I want to work for a sovereign Argentina that can assimilate the discoveries and strides that mankind has made in recent decades and that we have not absorbed. And I am aware that even if we wanted to close ourselves off and stay on the sidelines, the rest of the world would keep on moving forward.

INFORME INDUSTRIAL: As has been the case so far...without regrets and paying no heed to us.

Luis Alberto Caceres: That's right, and the gap between us would grow huge, and we would miss the train of civilization's history for good.

You know that the central countries use electronics, robotics, telematics and genetics to sharply cut the cost of their output. They tax these postindustrial activities heavily, put out inexpensive products all the same and with the revenues fuel the service sector, which employs the men and women who are liberated from the traditional methods of production.

INFORME INDUSTRIAL: Careful here though, Caceres! The move to a service economy is the result of modernization in the central countries, but not in ours. Here it is just an upshot of backwardness and poverty.

Luis Alberto Caceres: Agreed, but I feel that analyzing the experience of these countries is valid. They tailor their social structures to change and growth.

INFORME INDUSTRIAL: And we tailor them to regression. We cannot compare the models because they are based on substantively different realities.

Luis Alberto Caceres: Copies are of no use, true, but we are looking at a change that we must undertake and complete successfully. This is the underlying reason for the appeal that President Alfonsin voiced in Parque Norte in late 1984.

I thought highly of his appeal even though, I must admit, I do not agree with some details of it.

INFORME INDUSTRIAL: The direction of the change is more than a detail, but I don't know whether this is what you disagree with.

Luis Alberto Caceres: Well...but do you know what the most important thing about that speech was? It showed clearly that the highest political authority in a peripheral, unstable country realizes that the world is moving at a dizzying pace. This is unusual, because for the most part our governments, especially autocratic ones, do not think about either domestic or world

realities. What is more, the authoritarian governments that we have had have not only cut short lives and freedoms but have also destroyed the tranquillity that is needed to reflect on the kind of country in which we all want to work. They shut down the discussion, lock up the information and thus make it impossible to build a country based on consensus, which was never easy. Now that the era of politics is back, even if somewhat feebly, we have to strike out and do what we can with what we have.

INFORME INDUSTRIAL: With how much autonomy can a governor operate vis-a-vis the central government?

Luis Alberto Caceres: Not much. But if you make use of your imagination, you can even stretch, not just fully use the resources you have. For example, you need only avoid direct contracting or conduct a competitive bidding to help the midgets with one green eye, another black one... [sic]

INFORME INDUSTRIAL: And a wooden leg... [sic]

Luis Alberto Caceres: I don't know whether I am making myself understood...but I think that even within the narrow leeway we have, we can do much, much more.

INFORME INDUSTRIAL: Mr Caceres, what is the Coordinating Board?

Luis Alberto Caceres: Ricardo Balbin described it as gentle fluttering in the conscience of many Radicals (smiles).

INFORME INDUSTRIAL: (smiling too) Let's be serious.

Luis Alberto Caceres: On the national level, the Coordinating Board is the largest faction of Radical youth. At the same time, it is an internal wing of the party, at times the largest one, in several provinces. But it is not a national movement, because to be one it would need to have the sort of forum for discussion, for deciding its policies and for defining its strategies and tactics that it lacks.

INFORME INDUSTRIAL: So?

Luis Alberto Caceres: So, many of the things you hear about are invented by the press.

INFORME INDUSTRIAL: Speaking of claims by an inventive press...early on in the constitutional government and even before, there was talk of the Coordinating Board being "Alfonsin's Montoneros." Today, we hear or read increasingly that the Coordinating Board is the party's most liberal wing, perhaps because of its support for figures like Mario Brodersohn.

Luis Alberto Caceres: Look, no matter how it is described, the organization has neither nationwide roots nor a national leadership.

INFORME INDUSTRIAL: Is it a faction then?

Luis Alberto Caceres: What I am trying to tell you as an objective fact is that you can come across a Radical wing that is very strong in a given province and that at times heads up the provincial party. But its activities are confined to that province.

INFORME INDUSTRIAL: Without any ties between this, that or the other province.

Luis Alberto Caceres: That's right, politically, strategically and tactically. There could be emotional ties, because we have been fellow activists for a long time.

INFORME INDUSTRIAL: And is that enough?

Luis Alberto Caceres: No.

INFORME INDUSTRIAL: What is your assessment of the huge rally at which your campaign was launched?

Luis Alberto Caceres: It was a positive event, because it opened up avenues for participation and activism that are good for a democracy. And it was an event that people made colorful and powerful. It also had the virtue of bringing together a wide range of national Radical figures in a single spot. It was a celebration because of the people who were with me on the stand, thus demonstrating their support for me, and because of the people who took part and made me feel that I am not alone and that I did not make a mistake when I decided to tell my fellow Santa Feans that it was going to be tough but that it was possible. The appeal is for hard work, but when you clearly point out the goals, the people are there, rolling up their sleeves.

INFORME INDUSTRIAL: Was the presence of Pugliese, Stubrin and several others a political event?

Luis Alberto Caceres: Their being there was a big thrill for me, and I cannot but express my profound gratitude, in particular, to the extraordinary man who holds the post of president of the Chamber of Deputies.

INFORME INDUSTRIAL: If the presence of certain people is a political event, is the absence of people like Nosiglia an event too?

Luis Alberto Caceres: All of us are overburdened with commitments, and I think that "Coti" was not able to make it. But if Marcelo was there, if O'Reilly was there, then what "Coti" represents in the Federal Capital was there too.

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OPPOSITION ALLIANCES SAID TO HAVE SERIOUS IMPLICATIONS FOR UCR

Buenos Aires LA PRENSA in Spanish 4 Jan 87 p 3

[Commentary by Juan Maria Coria: "The Start of a Year That 'Will be Difficult and Political'"]

[Text] The administration will have to take a series of unprecedented corrective measures in the early months of the year to restore confidence among skeptical voters who are looking for parties with different initials to represent them at the elections for governor and deputies this year.

Dr Raul Alfonsin, who described the year as "difficult and political," knows that his government's image overseas is largely intact and that it enjoys prestige and respect. This is due not only to its ongoing defense of human rights but also to the fact that it has managed to get through a stage when previous elected governments were toppled by military uprisings.

The issue of the military, which was a major concern over the final months of last year, has proceeded along a one-way street, as the administration has sought a reconciliation in society, so far unsuccessfully.

We must caution, however, that there are still some "operators" in the system who are nostalgic for authoritarianism and who take no time off from their effort to sound alarms and cause unrest in the military.

The Anti-inflation Plan

The most troublesome issue that the administration will have to address this election year, however, is the social consequences of the anti-inflation plan, which we can see at a glance have been unfavorable. For example, the utility rate policy has been to steadily pass along cost increases without a corresponding adjustment in wages, which are losing buying power by the day.

This is having an adverse impact on most consumers, and no relief is in sight for the moment. This is the reason for the ongoing conflict between labor organizations and the administration, which may come up with a corrective measure when discussions in the joint arbitration commission begin.

Electoral Reports

The reports on voter opinion that are circulating these days point to serious problems for the UCR [Radical Civic Union] in key districts such as the province of Buenos Aires, where Renewal Peronism is preparing to form a coalition with Oscar Alende's Intransigents.

We should recall that at the most recent legislative elections the UCR won 16 seats in that district, compared to 11 for the Renewal Front, 3 for FREJULI [Justicialist Liberation Front], 4 for the Intransigent Party and 1 for the UCD [Democratic Center Union].

The quality of the two parties' candidates who have the best vote-getting chances is not being discussed. The organizations that are sounding out voter sentiments say that there will be a significant shift to the opposition in the so-called "Buenos Aires belt." This suggests that the central government, apprised of this prospect, will have to take steps to alter the mood among voters in the province, because if the UCR loses Buenos Aires, the last 3 years of the Alfonsin administration will not be pleasant.

Another piece of information that bears remembering is that at the last election the votes that the UCR and the Peronists lost shifted to the Intransigent Party, which got 2 1/2 times as many votes as in 1983, and to the UCD, which did twice as well in the Center Alliance.

Some have commented in recent hours that the UCR may ally itself with centrist parties, as it has in other districts in the interior with provincial movements, but this, we repeat, is just a hypothesis.

The Pope's Visit

It will be a difficult year, but in April the country will enjoy the spiritual solace of the pope's visit. He will be arriving in Argentina at an important juncture.

The debate on the divorce bill will be on the minds of the archbishops, and the Vatican's chief of state will at some point in his visit have words of encouragement for Argentine families, but he will choose his words carefully, as he always does, so that he is not seen as interfering in politics.

The sponsors of the bill emphasize that it will not open the door to separations, which require no regulations, and will instead pave the way for new marriages, for which there are no regulations.

Pope John Paul II's presence will be very important for other burning foreign policy issues that remain unresolved.

Relations with the United Kingdom, which could be helped by a possible meeting between Dr Alfonsin and Mrs Thatcher, could perhaps be improved through delicate diplomacy by the pope, though it would be naive to think that the British will agree to discuss the issue of sovereignty over the Malvinas. Finally, the head of the Roman Catholic Church will likely find the right

language to appeal for a definitive reconciliation of Argentine society, a goal that everyone in this country longs for or at least should.

According to opinions heard in government circles, the prospects for the first few months of the new year are as we have discussed above. However, the administration strongly expects a general recovery in the country, barring adverse and unforeseen developments.

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CANITROT: ECONOMIC GROWTH GUIDELINES BASED ON PRIVATIZATION

Buenos Aires LA PRENSA in Spanish 4 Jan 87 Sec 2 p 1

[Text] The secretary of economic coordination, Adolfo Canitrot, asserted that the guidelines for growth this year are based mainly on the policy of privatizing public-sector enterprises, on reforms in the financial system and on export policy.

During an interview with NOTICIAS ARGENTINAS Canitrot indicated, without amplifying, that overall success hinges on the success of the stability policy, which will be based on an appropriate handling of wage policy, a strategy for the food sector, the new spending cuts and the handling of the foreign debt.

"I think that we are in a position to work mainly on three areas this year and in the coming years, because what we can ultimately aim for is to have this matter more or less resolved by the time that my term of office is over, at the close of the present administration," Canitrot indicated, acknowledging that "stability alone is not enough" to overcome the economic crisis besetting the country.

Getting back to the issue of economic recovery, he stressed that "there are three areas. The first is the state-run enterprises, and I am optimistic about Enrique Olivera and the people on the directorate in general. I think that for the first time we are starting to work seriously on this issue."

"Now I have said several times that we have to get the fat out of the state-run enterprises, we have to get them in tiptop shape. We have to get the fat out through privatization. Here we have to do a peripheral privatization. We have to privatize the distribution, the delivery of services to consumers. I have nothing against it being a private company or a user cooperative or even a personnel cooperative," the secretary of economic coordination indicated.

Major Investments

Referring to the major investment that the administration has on tap, Canitrot mentioned "the gas projects, the communications projects, the ports projects, all of which can enjoy support from private capital. Basically, however, we

have to have government investment. This is a fact, not an ideological choice."

Continuing in this vein, he added that "so all of these enterprises have to have the funds. They cannot go around allocating a major portion of their funds for minor projects such as providing electric power to a town or gas to a region. Private capital is available for that; the best example is MEGATEL."

"People can build their own local distribution network if they want phones or gas, etc. So what we have to do is build up the investment funding for the big effort, the main effort."

Thus, privatization has to stand on its own. It is also an instrument, however, for relieving the state enterprises of a whole lot of jobs that can really be done by others without tapping the national treasury. This is another point," the secretary stated.

When asked about the mission that will be assigned to the state-run enterprise holding company in 1987, he replied that "what Olivera can do right away is move forward on this. I don't expect all this to be accomplished in a year, because it is a very big task. It may take longer than the rest of our term and perhaps the one after."

"The point is to steadily bolster government investment and come up with solid financing, because it is a big mistake to begin projects without being sure that there will be enough money to finish them, such as the well-known cases of Yacyreta and the petrochemical pole that took so many years. It's better to be realistic from the outset and not start on projects that you don't know how you're going to pay for later," he noted.

Government Investment

"I think that government investment is central to growth, because no matter what people say, in this country one of the reasons why private enterprise invests is that when the government invests, private enterprise follows suit." Government investment motivates, encourages private investment greatly, Canitrot remarked.

He went on to say that "the other important issue here in connection with investment is the financial system."

"There has never really been a long-term capital market in this country. And I think that as things now stand, the big problem facing us is that it is very unlikely that our financial system, which is in bad shape in the short term, can commit itself to the long run. Naturally, because if it's in bad shape in the short term, it can hardly survive any sudden uncertainty or change, such as an upward move in interest rates," the controversial secretary indicated.

He added that "the ideal thing would be for this market to be able to operate in the long term, though I don't think that this can be achieved. So, we have to invent arrangements that will enable private banks and State banks also to

make long-term loans, with some sort of guarantee from the Central Bank on those loans, so that if the lending bank gets into trouble, it has assurances that it will not face a crisis," Canitrot indicated.

The secretary noted that "this means, moreover, that the Central Bank is not going to give such guarantees without taking a number of precautions," adding that "today this mechanism takes the form of loans from the World Bank, the IDB, the Japanese Import-Export Bank and the foreign-currency loans that we get from banks at the dollar rate."

"This is a far from negligible amount; it is a part. Then there are also the loans from Italy. But I think that we have to bolster this mechanism to establish, alongside our own potential, a long-term credit arrangement for industry, for agriculture and for housing too," he said.

He went on to say that "we are talking with the Central Bank about putting together a mechanism that will make long-term credit somewhat independent of the ups and downs in interest rates on short-term loans."

As an example he mentioned that "export prefinancing loans have their own dynamic, which is related to foreign trade mechanisms."

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STATE ENTERPRISES REFORM TO BE IMPLEMENTED IN 3 STAGES

Buenos Aires SOMOS in Spanish 24 Dec 86 pp 14-15

[Article by Andres R. Alcaraz]

[Text] The first step has been taken. It now remains to complete the three crucial stages in the government reform that President Alfonsin announced on 28 November. Although the administration regards state-run enterprises as "not for sale," the door remains open if Congress, under the privatization bill, so decides. Things are clearest in the central government. The list of those who will opt for voluntary retirement will be ready by this coming 31 March, and by mid-1987 a new law will completely replace the existing one. The new wage scale that is a goal of the reform has already been worked out, though.

According to a private study done for the administration to ascertain how many people are on the bloated government payroll, a study that SOMOS has seen (see table), the total number declined by 6.63 percent from 1976 to 1983 but has since risen by 8.11 percent under the Radicals. The same trend can be seen in the Municipality of the City of Buenos Aires (an 11.39 percent drop in former period, followed by no less than a 25.53 percent jump from 1983 to the present year) and in the central government, which shrunk by 10.67 percent from 1976 to 1983 and has expanded by 5.56 percent since then. The provinces, for their part, kept on adding public employees during both periods; the payroll increased by 16.59 percent from 1976 to 1983 and by 10.03 percent from 1983 to 1986.

Number of Public Employees (Number of Posts in January of Each Year)

Sector	1976	1983	1986
Federal government	684,000	611,000	647,000
Official banks	46,000	36,000	36,000
State-run enterprises	431,000	290,000	313,000
Municipality of Buenos Aires	79,000	70,000	94,000
Provinces	568,000	681,000	757,000
Total for national public sector	1,808,000	1,688,000	1,837,000

State-Owned Enterprises

State-owned enterprises were no exception. Whereas their employee payrolls shrunk by 11.39 percent between 1976 and 1983, they increased by 7.34 percent from then until now. While steps are still being taken to divide the YPF [Government Oil Deposits] by function and Argentine Railways by line, the strategy for the state-owned oil enterprise, SOMOS was told by Jorge Presman, a deputy minister of public works and services, is "to define clearly what the economic elements are on the basis of which business decisions can be made. Thought is being given to using the world price of oil as a reference point for YPF's economic decision-making."

Officials express reservations, however, when the issue of privatization is brought up. As far as Presman is concerned, for example, the state-owned enterprises "are not for sale," and he gives his reasons: "Some are not because they are chronically in the red and others because, although they are somewhat profitable, the capital required for their privatization does not exist. But we do believe that there ought to be a growing share for private capital in the investments needed to expand public services in the country's basic structure. Moreover, the state-owned enterprises that come under the Directorate can be privatized pursuant to an act of Congress."

The Outlook for the Government

Although Presman may not admit it, certain administration offices feel that when Alfonsin's term ends in 1989, several enterprises may be in a position to shift to private hands, after they have been made efficient and cut back to being run by a small supervisory organization.

Action is still pending on one flank. One of the many goals of central government reform is a recovery in wages that furthers the overall goal: "The ultimate objective of this reform, aside from material accomplishments, efficient government and a redefining of roles, is to give public employees back the dignity that they have lost," SOMOS was told by Jorge Gandara, the engineer who is the technical and administrative coordination undersecretary in the Economy Ministry and whom the ministry's employees regard as "the executor, in both senses of the word, of this package of measures."

Decree 2193 is the one that has to do with the three-stage overhaul of government. The interview with Gandara, however, disclosed some previously unknown specifics about the future of the administration's initiative:

--The first stage, which is expected to conclude in July or August 1987, has two clear-cut objectives. On the one hand, to open a list for the voluntary retirement of public employees that will be completed this coming 31 March (the feeling is that there is a 10 percent excess, more than 180,000). At the same time, a team of specialists has begun looking into a new law that will replace the current one in its entirety and that would aim at streamlining the present structure. This means, Gandara explained, "redefining functions and forcing each agency of the central government to explain the structure and the human and material resources it needs to do its job. An overhaul also means equipping the necessary agencies and eliminating the rest, inasmuch as we can

see from a quick look at the organizational chart that many directorates and assistant directorates are superfluous."

The conclusions are supposed to be ready by July or August of next year.

The Wage Issue

The same Economy Ministry official explained that voluntary retirement means that "those who do not want to stay on can retire, while we offer a substantial pay raise to the best qualified workers. Labor leaders were fighting for equal status with the Office of President. We are offering even more than those guidelines, in addition to a government career, preference pay and competitive exams."

--The second stage will revolve around the regulations on which drafting will begin next month and which "will contain measures having more to do with material than human resources," Gandara asserted. The streamlining will begin in the second half of the year. "The new regulations," he went on to say, "will enable us to establish a system into which we can introduce computerization. The central government is overloaded with machines, but if you look closely, they are conspicuous by their nonuse." In other words, the all-inclusive approach that was followed in government agencies will be discarded, and as a result services that could be furnished by specialized companies (cars, hardware or medicine) would be shed.

The Homegrown Ombudsman

Another task force that will be looking at the long run will be at work in 1988.

--The conclusions of this technical commission will be acted on during the third stage in 1989. "The final stage," Gandara told SOMOS, "will tie in with the most important project in recent times: the transfer of the capital to Viedma. If we had to transfer the current chaotic mess, it would double in size. By 1989 we have to have the sort of government we are planning on, one that is automated, organized, so that we can transfer it in an orderly fashion, which at the moment we are not in a position to do."

We will be seeing something else during the third stage of the reform. It will investigated by the team of experts that will be formed during the second stage, which is scheduled to begin in the second half of next year. Although officials would rather dispense with the imported name, for the time being it is the most apt. Channels for participation similar to the ombudsman experience in the developed countries will reportedly be created. "Rather than use the word ombudsman," Gandara says, "what we have to look into is ways for society to become involved in the new machinery of government. Not only have we given this thought; we have spelled it out in the decree creating the Directorate of Public Enterprises, because this is one of its new functions. We feel that it is more than possible and necessary; it is indispensable for the entire plan to work."

A new work schedule will also be in general use by 1988, under the decree. Everything is ready so that the agencies that are in a position to alter their schedules as of 1 July 1987 can do so. The rest will gradually switch over so that a uniform schedule is in place for the entire central government when 1988 dawns.

The first results? Officials say by the middle of next year.

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HIGH INTEREST RATES, DROP IN DEMAND AFFECTING SMALL FIRMS

Buenos Aires LA PRENSA in Spanish 19 Dec 86 p 14

[Text] The Argentine Council of Industry (CAI) has expressed its "deep concern" over the difficult situation facing small and medium industry. Among other things, there has been a widespread drop in demand on the domestic market; loan interest rates are high, and provincial and municipal taxes are rising.

The CAI also indicates that the "per capita gross domestic product will be lower in 1986 than in 1984," emphasizing that these "are the real facts about this sector of production (small and medium industry) and warning of their social consequences.

In a document signed by its president, Rolando Pietrantueno, the business group says that "we may not be heard, but 3 years after democracy was restored for good, no one should be surprised when we silently voice our social demands in our own way."

Describing the factors that have helped to create the "difficult situation" facing small and medium firms, the CAI points to "a widespread drop in demand on the domestic market, varying in extent by sector, that began in September and worsened in November and December."

It adds that this has been compounded by "an interest rate that for the small and medium industries that can get loans, ranges from 14 to 18 percent a month. In the interior of the country this represents a real monthly rate of 11 percent."

"We would note that in this case the argument that there should be a 'mix' between a floating and a controlled rate is not valid, because the latter is not available to the sector."

The CAI indicates that "the shortage of money, compounded by the additional commitments at this time of year, has caused a backlog of financial liabilities and widespread delinquency."

It then adds that "the officially authorized price increases are three percent a month for the last quarter of the year," even though "the prices of some inputs have risen more than 20 percent."

In conclusion, it says that the picture is made worse by "higher taxes, particularly on the provincial and community level," and by the "shutdown of all investment projects because they are physically impossible" to carry on.

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TRACTOR PRODUCTION, EXPORT FIGURES RELEASED

Buenos Aires LA PRENSA in Spanish 19 Dec 86 p 17

[Text] Tractor Production Down

The tractor sales of the associated companies (Deutz Argentina, Fiatagri, Deere and Company, Massey Ferguson and Construcciones Metalurgicas Zanello) reached 537 units in November, bringing the total for the first 11 months of the year to 7,080.

The slow sales that had been seen in previous months have thus continued. The market was adversely affected by the slim profit margin in agriculture, the high cost of bank credit and the lure of high rates in the financial system.

Exports have continued to rise, hitting 806 units from January to November 1986, which is a relatively important trend for the sector.

Sales from January to November 1986

Company	Domestic		Imports		Exports		Total	
	Units	%	Units	%	Units	%	Units	%
Deutz Argentina	1,609	26.0	2	2.6	101	12.5	1,712	24.2
Fiatagri	751	21.1	74	94.8	191	23.7	1,016	14.4
Deere and Company	560	9.0	2	2.6	--	--	562	7.9
Massey Ferguson	1,596	25.8	--	--	489*	60.7	2,085	29.4
C.M. Zanello	1,680	27.1	--	--	25	3.1	1,705	24.1
Overall total	6,196	100	78	100	806	100	7,080	100

*Plus 54 units exported in October 1986

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TRADE SURPLUS DOWN 43 PERCENT OVER FIRST 8 MONTHS

Buenos Aires LA PRENSA in Spanish 19 Dec 86 p 14

[Text] The trade surplus was down 34 percent in August from the same month in 1985, while a comparison of the first 8 months of the two years shows it to be 43 percent smaller.

The shocking evidence of the adverse trend in Argentine foreign trade emerges from figures supplied by the National Institute of Statistics and Census.

The August surplus of $254 million was the smallest of the last 4 months. Exports that month totaled $681 million, while imports stood at $427 million.

The trend is even worse for the first 8 months of the year, even considering that 1985 was not a very good year. Thus, the surplus from January to August 1986 stood at $1.938 billion, as a result of exports of $4.884 billion and imports of $2.946 billion.

During the same period last year the surplus hit $3.398 billion. Exports amounted to $5.988 billion, while imports reached $2.95 billion.

The official data thus show a 43 percent decline in the surplus and an 18 percent drop in exports, along with a 13.7 percent rise in imports.

Exports for all of 1985 totaled $8.396 billion, and imports reached $3.815 billion. The bottom line was thus $4.581 billion in the black.

Foreign Trade Trends (in millions of dollars)

	1985			1986		
Month	Imports	Exports	Surplus	Exports	Imports	Surplus
January	625	374	251	504*	332*	172*
February	531	265	266	479*	279*	200*
March	647	338	309	530*	309	221*
April	829	342	487	588*	395*	193*
May	806	333	473	717*	384*	333*
June	934	253	681	662*	373*	289*
July	900	354	546	723*	447*	276*
August	716	331	385	681*	427*	254*
Total	5.988	2.590	3.398	4.884*	2.946*	1.938*

*provisional figures

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YPF PRESIDENT ON 1987 PLANS, NEW TECHNIQUES, PROSPECTS

Buenos Aires REALIDAD ENERGETICA in Spanish no 22, 86 pp 30-31

[Interview with Rodolfo Otero, president of YPF (Government Petroleum Deposits)]

[Text] Question: What are your company's plans for 1987?

Answer: Right now, we are studying various options to plan our 1987 activities. Within the general framework established by the energy authorities in the 1986-2000 National Energy Plan, and taking our national economic and financial conditions into account, we are working to develop an action plan meeting the following guidelines:

a. National self-sufficiency in our supplies of liquid hydrocarbons and petroleum byproducts;

b. Expansion of our petroleum reserves, by giving priority to exploratory activities, within the limits of the constraints imposed by the conditions stated above;

c. Continuation of the conversion projects at the La Plata and Lujan de Cuyo Distilleries, with the goal of completing these projects by the end of next year.

d. Continuation of studies and start of execution of projects connected with the IBRD [International Bank For Reconstruction and Development] loan AR 2592, related to the use of gas and technical assistance, designed to improve the petroleum recovery rate in existing fields and to help to automate our installations.

Moreover, this company can not escape the situation now existing in the international hydrocarbons market--a steep price decline with abundant supplies. This situation, which we assume will not change substantially during 1987, clearly affects the profit level of our company's exports. For this reason, it seems feasible to expect a reduction in the amount of YPF's

exports during 1987, perhaps adjusting our exports to compensated exchange operations, if domestic market trends should support the advisability of that sort of operation.

Question: What new technologies may be introduced?

Answer: YPF has gotten a World Bank (IBRD) loan in the amount of US $180 million. It will be used primarily to finance a group of pilot projects attempting to improve our petroleum recovery rate. This will be done by pilot tests of assisted recovery projects using the following methods: pressure activation and polymers; gas injections; alkalines, as well as some others. The best way to reach conclusions about the optimum techniques for increasing production is naturally to do field testing. With the assistance of consulting services financed by funds from this loan, YPF has identified some fields suitable for the use of assisted recovery techniques.

We also have feasibility studies in progress for the use of telecommunications equipment for the automated remote management of hydrocarbon production. This will also help to boost productivity.

Question: Can you give us a report for 1986 on the following areas: exploration, exploitation, and YPF's economic and financial status?

Answer: a) Exploration

In this area, activity has proceeded in accordance with our scheduled plans. By September 1986 we had completed 83 percent of our drilling schedule, with 72 exploratory wells finished, out of the 87 exploratory wells scheduled for the entire year.

Of this number, 16 probes were found to be productive and 56 were dry.

Some of the more productive wells were: Canada Rica x-1 and La Tigra Norte x-1 drilled in the Cretaceous level in Formosa Province; Atuel Norte e-3 in the South Mendocina Neuquen Basin in Mendoza Province; and Lomita x-2 drilled in Neuquen Province in the Neuquen Basin.

Of the exploratory drillings which yielded primarily gas, we should mention: Loma de las Yeguas e-4 in Neuquen Province in the Neuquen Basin, which increased YPF's proven and probable reserves of gas and condensate; and the drillings in Campo Boleadoras e-2 and e-4 in the Austral [southern] Basin in Santa Cruz Province, where significant accumulations of gas were found in Tertiary Sediments.

b) Exploitation

YPF's plan of action for its petroleum production is being met. In the area of well repairs and new operational wells, we have obtained results that are even better than our production forecasts.

Similar results have been seen in the area of exploitation contracts; in particular, we have had a production increase in secondary recovery.

All this will bring us to the end of 1986 with a crude petroleum production level that will not only allow us to meet our internal demand adequately, but also to export on the order of 1 million TEP [Tons of Petroleum Equivalent] at the end of the year, and then to start 1987 with stock levels that will help to moderate our operational and budget efforts next year. Next year's operations may be a complex matter, given the reduction in production activities during 1986.

c) YPF's Economic and Financial Position

It is estimated that Argentina's economic activity has increased in 1986 in comparison with 1985, although we will still be far from overcoming the obstacles that have prevented sustained development. We must remember that the situation which the constitutional government inherited in December 1983 called for severe restrictions in the area of economic growth. In YPF's particular case, one of our most serious challenges was the company's heavy financial liabilities, which were primarily the result of the enterprise's debts. Given the limited assets available, payment terms had to be worked out with YPF's creditors, which further increased the company's financing costs.

It was essential to correct this situation, and so a number of steps were taken in 1986. These included:

1) The national government's absorption of the company's internal liabilities as of 8 February 1986, through debt cancellation securities, as provided in Decree 407/86.

2) The modification of payment terms, reducing terms to 30 days from invoice date without interest, in order to handle the financing costs created by interest charges corresponding to 4 or 5 months under the earlier terms.

3) Compensation for interest charges on the company's external financial debt.

At the same time, YPF is proceeding with overall planning of its activities, in line with the company's present conditions, and is continually monitoring their execution through management control systems.

With all these measures combined, and with a better allocation of equipment and personnel, we are reducing production costs and increasing efficiency throughout the company.

Question: Can you give us an overall evaluation of the results of the exploration and exploitation bidding competitions held in 1986?

Answer: The invitations for bids held in 1986 marked the start of a longer-term operation designed to resolve in a serious and planned manner the limits placed on the development of petroleum activity in Argentina by the level of our petroleum reserves. Of a total of 368 million cubic meters of proven reserves, a considerable part is linked to the possibility of developing the associated gas, and another part is linked to secondary recovery reserves, which will require special projects to extract these reserves. For this reason, an increase in our reserves is a fundamental aspect of our present petroleum policy.

This is the context in which the call for bids for exploration and exploitation is being conducted. These bid invitations will be issued progressively until we have completed the 165 areas scheduled, within an estimated period of 2 and 1/2 years from the program's start. The two bids conducted in 1986 marked the first stage of this program.

The results have been reasonably favorable, confirming the forecasts we had made based on a number of factors, which included: first, that this was the start of the project, so special efforts would be required, and once contracts had been signed for the first bid, continuing later phases would become easier; secondly, the drop in the international price of crude petroleum, which has had a negative impact on companies' investment plans; and in the third place, the risk entailed in the areas we are offering, which in many instances are unknown to the international companies interested in taking part in this program.

Given this general context, the results we have obtained are auspicious, for example: after the preliminary prospecting phase that is now being completed by the actual exploration, genuine investments are being generated in this sector; international companies with extensive experience in this field have expressed interest in this project, in some cases joining in association with Argentine firms; and fundamentally, because this means initiating a planned course of action, one based on our real potential, whose results will create more favorable prospects for the development of petroleum activity in Argentina.

Question: When are future bids for these areas scheduled?

Answer: We will continue with the scheduled program at intervals of roughly 6 months between each call for bids for exploration and later exploitation, until all the areas have been completed.

Question: Why is the use of GNC [Compressed Natural Gas] in transportation not being speeded up? Are there plans to set up any new service stations?

Answer: The plan to use compressed natural gas in automotive vehicles did not include having all investments borne by the state--by YPF and State Gas, S.E. We have served, and continue to serve, as promoters of the development of GNC. In that capacity, State Gas has set up two stations in the Federal Capital and in Greater Buenos Aires, located at Amancio Alcorta and Luna, and at Avenida General Paz and Constituyentes. YPF has set up seven of these stations: two in the Federal Capital: at Avenida Cordoba and Avenida Madero (ACA) and at Avenida Rivadavia and Jose Marti (ACA); two in Buenos Aires Province, in Pilar: at Route 25 and Panamericana, and in Mar del Plata: at Juan B. Justo and 20 de Septiembre; two in Cordoba Province, in the capital: at Reconquista and Bajada Pucara, and in Rio Cuarto: at Route 8, km 607; and one in Neuquen Province, in the capital: at Barrio Industrial. We should add that four of the stations listed above--Cordoba, Rio Cuarto, Pilar, and Mar del Plata--were established with the investment of private capital (in the case of the Mar del Plata station, a cooperative was involved in its financing).

In the first half of November a new service station opened in the Federal Capital at the intersection of Chiclana and Jantin, and before the end of 1986, another station will open at Independencia and Jujuy. YPF also has a number of projects in advanced developmental stages, some of them in the Federal Capital, whose investments have also relied on private capital.

There has also been a call for bids for the purchase of five units of equipment which will start to be installed in April 1987. Moreover, part of the loan which the World Bank recently made to YPF includes funding for the acquisition of 20 pieces of equipment by the end of the next 3 years. The disequilibrium between the development of supply and the demand for GNC in transportation is caused primarily by the intrinsic nature of the project, the inelasticity of supply--it takes many months to outfit each service station with imported equipment--and the accelerated growth of demand, a result of the favorable conditions which the users have experienced, with the decline in kit prices because of the appearance of an Argentine manufacturer.

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1987 ENERGY PROJECTS TO BE COMPLETED IN CHUBUT PROVINCE

Buenos Aires REALIDAD ENERGETICA in Spanish no 22, 1986 p 50

[Article by Walter Roth, engineer representing the Electricity Division in Chubut Province]

[Text] Question: Can you tell us about the construction plans scheduled for Chubut Province in 1987?

Answer: In 1987 Chubut Province plans to carry out a major complex of energy-related projects. We estimate that their cost will require total investments of 16,814,000 australes. These projects include the construction of hydroelectric developments in Cholila and Corcovado, various high-voltage power lines, construction of a new thermoelectric plant, a number of rural electrification and connection lines, urban distribution systems, transformer stations, the remodeling of the Trelew distribution center, and other projects, as the following list indicates.

Project: Gaiman-Dolavon Transformer Station

Construction of 33,000 V lines and two 2 x 3,000 KVA 33,000 - 13,200 V transformer substations.

Seven 33,000 V fields will be set up. All-weather type with a single set of rods and 14 13,200 V shielded cells.

Estimated budget for the project: 1,300,000 australes.

Project: Cholila Hydroelectric Plant

The project consists of a hydroelectric power plant at Cholila. Two turbines of 500 KW each will be installed.

The estimated budget is 4,600,000 australes.

Project: Corcovado-Carrenleufu 13,200 V line

This project includes approximately 25 kilometers of 13,200 V electric lines in a mountainous area. The lines will be equipped with a carrier wave system.

The estimated budget is 564,000 australes.

Project: Remodeling of Trelew Distribution Center

This project covers the construction of a new protection and measurement command room for the 33,000 V distribution center, including the appropriate civil engineering infrastructure and electromechanical work.

Estimated budget: 320,000 australes.

Project: Expansion of the Northwest Interconnected Electricity System

This includes the construction of 60,000 meters of 13,200 KV rural electrification lines with their requisite substations, measurement and sectioning posts, and 25,000 meters of low-voltage lines.

Estimated budget: 560,000 australes.

Project: Remodeling and Expansion of Camarones Electrical System

This project covers the construction of a new thermoelectric power plant with a final capacity of 1,800 KW of installed power, construction of transformer and distribution stations, and approximately 4,500 meters of 13,200 V and low-voltage lines.

Estimated budget: 1,600,000 australes.

Project: New Electrical Systems

There are plans to build three new electrical systems in the areas of Aldea Apeleg, Colonia Epulef, and Cerro Centinela. These projects include a 110 KW thermoelectric power plant and distribution and public lighting systems.

Estimated budget: 450,000 australes.

Project: Electricity Supply for Cerro Negro Repumping Plant

This project entails the construction of a new 3,150 KW thermoelectric power plant, 66,000 - 33,000 - 13,200 Volt transformer substations, and 26 kilometers of 33 KV lines.

Estimated budget: 2,460,000 australes.

Project: Remodeling and Expansion of Electrical Systems in the Interior of the Province

This project calls for the renovation of medium and low-voltage systems in the interior of the province, and service expansions.

Estimated budget: 330,000 australes.

Project: 33 KV Rio Mayo-Rio Senguer Interconnection Line

The electrical systems of the southwestern area of the province will be interconnected on 33 KV lines. A carrier wave system will be added.

Estimated budget: 1,010,000 australes.

Project: 33 KV Gobernador Costa-Rio Pico Interconnection Line

This interconnection system will be built to replace thermal energy from Gobernador Costa with hydroelectric power to be produced by the Rio Pico hydroelectric plant. The system will be provided with carrier wave equipment.

Estimated budget: 1,300,000 australes.

Project: Tecka-Corcovado Interconnection Line and Rural Electrification

The Tecka and Corcovado systems will be connected electrically by a 50-kilometer medium-voltage line, and 23 kilometers of rural electrification lines will be installed.

Estimated budget: 40,000 australes.

Project: Power Expansion of the Rio Pico Hydroelectric Plant and Distribution Systems

A new turbine will be installed in the existing plant and new distribution networks will be built.

Estimated budget: 1,380,000 australes.

Project: Corcovado Hydroelectric Plant

There are plans to begin construction of a new hydroelectric power plant in Corcovado.

The 1987 investment programs schedules 900,000 australes for this project.

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CSO: 3348/175

BRIEFS

NOSIGLIA ON MILITARY REORGANIZATION--During a rally in Tucuman in support of the Democratic Convergence, the leader of the National Coordinating Board of the UCR [Radical Civic Union], Enrique Nosiglia, explained that the goal of the military reform is to achieve greater professionalism. Also in attendance were Cesar Jaroslavsky and Marcelo Stubrin. The leader of the UCR National Coordinating Board, Enrique Nosiglia, contended yesterday in San Miguel de Tucuman that the announced move to create a volunteer army and to abolish compulsory military service is designed "to achieve greater professionalism among soldiers. This is an issue that has been debated quite a bit. It fundamentally has to do with the shift in the role of the Armed Forces in a democratic society: subordination of the military to the civilian government under the constitution and, of course, discarding the hypothesis of an internal conflict and assigning the military specific tasks that have to do with national defense," he stated. Nosiglia took part in a rally organized by the UCR and local forces to support the Democratic Convergence proclaimed by President Raul Alfonsin. Referring to this issue, Nosiglia indicated that at a luncheon meeting between activists from the ruling party and other political forces and the president, they agreed on several activities that would be undertaken in the capital and in all provinces. "And of course we are going to try and see to it that this reflects our common ground on a program of goals. We want to clearly distinguish between what we mean by a democratic convergence and mere electoral alliances, underscoring that the convergence is of far-reaching importance because it is an agenda for the country, an agenda of changes in Argentine society that may or may not end with electoral alliances." Regarding the recently created Directorate of Public Enterprises, the so-called "holding company," Nosiglia stated that "I am in intellectual agreement with the idea that state-owned enterprises should have a single management; so I think that we have to let the directorate get started. It is unquestionably a requirement for creating a modern State in a society like ours." In conclusion he underscored in an answer to a question that the administration's relations with the Peronist Party "remain excellent." [Text] [Buenos Aires LA RAZON in Spanish 29 Dec 86 p 14] 8743

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DISUNITY OF PARTIES PARTICIPATING IN CONSTITUENT ASSEMBLY SEEN

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 30 Dec 86 p 3

[Text] Brasilia--Beginning the latter half of January, the five major parties that will participate in the Constituent National Assembly plan to map their courses and define their positions in future clashes. The PMDB, with 260 deputies and 45 senators, theoretically will be the party with the deciding power. In second place will be the PFL, with 120 deputies and 15 senators; followed by the PDS, with 33 deputies and 5 senators; the PDT, with 19 deputies and 1 senator; and the PTB, with 15 deputies and 1 senator.

In the Constituent Assembly, voting will be unicameral, that is, deputies and senators will vote simultaneously as constituent delegates. A quorum of the absolute majority will be necessary for approval, in this case 280 votes in favor, representing the absolute majority of the 559 constituent delegates (half plus one). Apparently no problem, inasmuch as the constituent delegates of the PMDB and the PFL (the Democratic Alliance) would be enough to approve anything.

In practice, it will be quite different. Because it is the largest party, the PMDB will enter the Constituent Assembly more divided than ever. Whether he likes it or not, Ulysses Guimaraes will continue to command a multihued party "front," with variations from the right to the left, going through the center with deviations at both extremes. The PMDB is unlikely to be in a position to establish lines of action in the Constituent Assembly on the various topics that will be studied, such is the diversity of its representatives.

The principal PMDB leaders believe that it will not be possible for party discipline or even a line of uniform conduct to prevail in the Constituent Assembly. Each one will vote according to his own principles, background, and political thinking, particularly on social and economic issues. The PMDB moderates--that group must be the party majority--will be able to commandeer important allies on basic problems, especially within the PFL, the PDS, the PTB, and the small centrist parties that are fighting for survival and for their own identity, such as the PL and the PDC.

The so-called "progressives" of the PMDB will certainly form a bloc with the parties of the left such as the PDT, PCB, PC do B, PSB, and PT. In the socio-economic debates, the PMDB is unlikely to maintain its alliance with the PFL

and, in return, the pragmatic PT will have no way of operating in isolation from the world. The forces of the left will follow the traditional strategy of joining (among themselves) to divide (the adversaries).

Aware of all the complications that will arise in the Constituent Assembly, the PFL leaders have already begun to discuss the situation. For example, at the party's national meeting in mid-January, the honorary president of the PFL, Minister Aureliano Chaves, is going to support the discussion and approval of basic points that would represent the liberal goals in the Constituent Assembly. If it should be possible to obtain an internal consensus on basic issues, the PFL would then seek the support of other party groups, even among the centrist ranks of the PMDB and the PDS.

The PFL command knows that internal differences will also arise at the political-institutional level. There are forces for and against parliamentarianism, for and against the district vote, for and against strict limitations on a new party spectrum. There are also divergent opinions regarding the duration of President Sarney's term, and the date for holding direct presidential elections.

In the PMDB, the PDS, and the small parties, it is also difficult to find many people holding identical positions. The differences are more diverse, much more of a personal nature rather than reflecting the average thinking of the voters who elected each one of them a representative to the Constitutent National Assembly.

With the reduction and renewal of its ranks, the PDS is also going to gather its constituent delegates and try to lay the cards on the table. Of the 33 deputies it managed to salvage from the electoral debacle, 19 of them are new. In the Senate, Virgilio Tavora, Joao Castelo, and Roberto Campos remained, and Jarbas Passarinho and Lavoisier Maia are coming in. Passarinho, arousing the displeasure of Deputy Amaral Neto, plans to lead the PDS into a "loyal and trustworthy" opposition, admittedly availing himself of the adjectives employed by Tancredo Neves for a short while in the extinct PP.

In the Chamber, the star of the PDS will be Delfim Netto, whom the leadership cannot fail to appoint to the Great Constitutional Committee. It will also have to place Deputies Konder Reis, Bonifacio de Andrada, and Henrique Cordoba in important positions, without forgetting those who spent the last 2 years trying to conduct opposition to the Sarney government, such as Para natives Gerson Peres and Jorge Arbage.

The PFL will also have its difficulties with the PMDB. The party is unlikely to relinquish Senator Afonso Arinos' presence in the chairmanship of the Great Constitutional Committee that will have the task of preparing the draft of the new constitution and submitting it for debate in the plenary body. There are those who say that the former senator and former foreign minister agreed to run in the elections as a PFL candidate only in order to have active participation in the drafting of the new constitution, withdrawing after its promulgation. Many say that, but no one guarantees it.

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MILITARY SAID TO LACK LEADERSHIP, REASONS TO 'RETURN'

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 3 Jan 87 p 2

[Text] There is no climate, leadership or reasons that would lead the military to think of returning. With all of the "doomsaying" in the air, 1987 will continue to have a civilian politician in the leadership of the country. They themselves say that as a general rule, admirals, generals, and air brigadiers are not good for votes, and there are not yet any elections in sight.

The troops are not happy. Like everyone else, they feel the effects of the Cruzado Plan, complain about the promotions systems, feel revulsion over the presentation of their services' medals today to enemies of yesterday. They saw and see their top-ranking leaders donning the pajamas of the reserve and keenly feel the lack of someone who can lead them. They are like a kid without any money to buy ice cream who does not have a little old man to tell him stories to console him. However, even so, they keep their eyes turned--not in complete unity but in a disciplined manner--toward the government, which they want to be a civilian and democratic one.

Such pragmatism of military life and training leads them to only partly accept the sentiments that are conveyed to them, such as the ones expressed in this letter out of the countless ones that are sent to the barracks: "For the love of God, return. We want you to return. We have had it with so much populism, lies, false social policy that benefits bums, crooks, and murderers, while those who work, the middle class of this country, that does not have the wherewithal--we do not get free housing, land, water, light, bread and milk. We are also poor but we work and pay taxes. Enough of supporting scum. That option in favor of the poor is mistaken. We are the poor: small farmers, merchants, industrial workers, tradesmen, public servants, etc. For that reason, we beg you to return. We miss the military governments."

Meanwhile, it can be stated that today's military do not even want to hear such a thing. They also want a democracy, without generals in power; with law, order, and progress. The concern of the Armed Forces today is much more of an internal nature. As in the civilian area, they feel the lack of leaders and declare that there, as here, since the troops are the reflection of the command, without unity and discipline there will be defections. Their leaders say that in 1987, the Armed Forces, like all the other segments of the nation, must first of all put their own house in order. There is dissatisfaction over the low

salaries: a sergeant earns 5,000 cruzados, a lieutenant, 7,000, and a four-star general with 47 years of service, all of the courses and perquisites, 27,000 cruzados, which is leading personnel to retire.

As a result, in the Army alone there is a shortage of about 13,000 sergeants and hundreds of officers and warrant officers. To plug the gaps, the Army is even readmitting officers who went into the reserve years ago and want to return, receiving a new salary, even though meager. Along with that, it is known that in the last entrance examination for the Agulhas Negras Military Academy, famous for its very strict educational requirements, it was necessary to reduce the minimum passing grade in order to fill the vacancies because of the low scholastic level of the candidates.

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MINISTER TO STEP UP EFFORTS TO DECENTRALIZE AGRARIAN REFORM

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 4 Jan 87 p 16

[Text] Brasilia--In this beginning of the year, the minister of Agrarian Reform and Development (MIRAD), Dante de Oliveira, is going to intensify his contacts with the governors to implement the decentralization of the agrarian reform program, which did not manage to achieve 30 percent of the planned goal in 1986: the settlement of 150,000 families throughout the country.

The minister's aides denied the rumors that he was preparing to return to the mayorship of Cuiaba, concerned about the erosion of his political bases as a result of the weak performance of the reform program. These same aides asserted that Dante de Oliveira considers 1987 to be the decisive year for the reform and is prepared to take on the challenge of bringing the program up to date, taking care of 450,000 farm families by December.

During the governors' meeting on the 20th of last month, the minister delivered a message through Sao Paulo Governor Franco Montoro, affirming his willingness as of now to depend on the state governors to set off the program. Together with his team, he is preparing an outline detailing how the states will participate in the program. He said that it is not his intention to leave everything in the hands of the state governments because that would carry the risk of manipulation of the reform by the local political forces. Management of the projects will remain in charge of the state and INCRA will be responsible for the projects and coordination of the work.

In the opinion of the minister, decentralization is the only solution for agrarian reform because, with the experience developed until now, it has been confirmed that INCRA is not in a position to fulfill the goal of settling a total of 1.4 million families by 1989. Thus, the ministry is renewing a procedure adopted during the Figueiredo administration, when INCRA signed various agreements with the states for carrying out land programs.

On that occasion, INCRA President Paulo Yokota sought to encourage the establishment and strengthening of land institutes or departments in the states, convinced of the impossibility of centralizing all land programs in Brasilia.

Constituent Assembly

Besides dealing with decentralization, the ministry team is preparing a number of documents that will be forwarded to the Constituent Assembly delegates suggesting points pertaining to the land issue that should be better clarified in the new constitution.

In the opinion of the agrarian reform experts, it would be of fundamental importance that the new constitution absorb some points of the Land Statute, such as the need for the property to fulfill its social function. The clear definition of that concept, according to the experts, will avert problems in the expropriations, making it clear that only land that shows good productivity and in which labor relations are fair and the natural resources are preserved fulfills its social function.

Internally, a team headed by Secretary General Guilherme Muller is studying one of the biggest problems faced by INCRA: bad distribution and the lack of training by its personnel corps to carry out the reform.

With more than 10,000 employees, INCRA, which has always operated as a "job-peg," has a "bloated" headquarters in Brasilia and an excessive number of employees in Rio de Janeiro, while there is a lack of people to work on land projects in the interior.

Muller gave assurance that there will not be a "draining" of the general staff but rather a redistribution and absorption of experts from other areas of the government, a matter that he has been discussing with the Ministry of Administration.

Minister Dante de Oliveira declared that the objective of the internal changes at INCRA is to adapt the pace of expropriations to the settlements and, in addition, to consider the manner of managing those projects. Dante declared that the government wants to avoid any paternalistic spirit, terminating projects over 10 years old still assisted by INCRA. For that purpose, he is seeking a guaranteed credit for the settlers from the economic area of the government.

The minister believes that with technical and financial support, INCRA will be able to set a time frame for liberation of the projects. He also plans to discuss all those aspects with representatives of the rural workers because each settlement must take specific regional situations into account.

According to the evaluation of Dante de Oliveria's aides, all of those projects for 1987 are indicators that the minister will remain at the head of MIRAD despite the fact that since he assumed his position early in June, he has been trying to divide his week between Brasilia and Cuiaba, where he is actively working, seeking to strengthen his leadership in the local PMDB.

Dante's aides consider completely groundless the rumors that he may leave and give way to Para Governor Jader Barbalho. It was the latter governor who named Minister Nelson Ribeiro to the position at the beginning of the Sarney administration.

Even in the face of the charges of corruption in INCRA and the reaction of the rural landowners to the PNRA, the minister has expressed a willingness to remain in the position and is said to be supported by President Jose Sarney.

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PRODUCERS, GOVERNMENT PROJECT RECORD CROP OVER 60 MILLION TONS

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 4 Jan 87 p 30

[Text] Farm producers and the government enter 1987 with one certainty: for the first time in the history of the country, a grain harvest will top 60 million tons, which certainly should contribute to keeping food from pressuring inflation. That prospect, however, is not sufficient to envelop the farmers in a climate of optimism, unlike the government, which has good reason for it--mainly that of having already practically guaranteed the success of the first year of the Farm Goals Plan.

Announced by the Ministry of Agriculture, the plan envisions the production of 71 million tons of grain for the 1988-89 harvest, which represents an average annual increase in the order of 6.3 percent. "In 1987, we will grow 7 percent," believes the president of the Brazilian Rural Society (SRB), Flavio Teles de Menezes, confident that grain production for that period will reach 62 million tons. However, Menezes does not see any reason for optimism in that forecast. According to him, despite physical growth, the producer's income will be less this year.

The SRB president divides 1986 into two different periods: the first, one of euphoria, with the establishment of the Cruzado Plan, and the other, one of disappointment, "because of the distortions that occurred in the plan." While still under the influence of the first phase, when interest rates did not exceed 10 percent per annum, the producer expanded the area planted in corn, beans, and rice.

The erosion of domestic prices, on the one hand, and the low quotations on the world market, on the other, are factors that should contribute to a drop in the producer's income, compromising future plantings. "Rice, corn and beans are at the same price level as they were in February of last year and do not even cover production costs. If that situation is not revised, the producer will not be encouraged to plant and that will compromise the Farm Goals Plan as a whole," warned Flavio Menezes.

In addition to the growth of the grain sector, the forecasts of the Brazilian Rural Society also indicate a growth in the production of sugarcane and its by-products, in the order of 5 to 10 percent; of citrus products, around 20 percent; and of beef, pork, and poultry, of "not less than 10 percent."

Meanwhile, the organization "completely" discounted the possibility of a 7 percent increase in milk production, as was envisioned in the Goals Plan for the sector. "The readjustment of 55.5 percent that went into effect this week (the producer has begun to receive 3.50 cruzados per liter of type C milk, with a 3.2 percent fat content) is not sufficient to promote the expansion of production," stressed Flavio Menezes.

Another aspect criticized by the president of the SRB was the adoption of Cruzado II, regarded by him as "a new blow" suffered by agriculture. In Menezes' opinion, in promoting the unfreezing of the exchange rate, the government "cocked a trigger" that can even compromise the target envisioned for expansion of the so-called domestic market crops.

This is so because, despite the low world quotations, the producers of soybean and cotton are again being benefited by daily valuations while the prices of beans and rice as well as milk remain tied to the quotations in effect a year ago.

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GOVERNMENT ISSUES NEW COFFEE POLICY GUIDELINES

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 8 Jan 87 p 20

[Text] The government yesterday released the new directives of this year's coffee policy, opening registrations for January and February exports at the same time that it guaranteed a new minimum price of 2,150 cruzados per sack to the producer in the domestic market. Prices for the foreign market will be set taking as a base a weighted average of the quotations in effect for coffee from Central America and for robust (African) coffee--which at today's prices would mean a price of close to 1,800 cruzados per sack, thus, lower than the price set for purchase in the domestic market.

"It is the beginning of a policy," reacted the president of the National Coffee Council (CNC), Jaime Miranda, yesterday as he announced the new measures in Sao Paulo, authorized by Finance Minister Dilson Funaro and the president of the Brazilian Coffee Institute (IBC), Paulo Graciano.

Miranda explained that the government has limited sales for January and February to 2 million sacks (1 million sacks for each period) but he said he believed that "if sales flow as we expect them to, it is probable that that limit will be abandoned."

According to the president of the CNC, as of today the government will buy all of the product delivered by the coffee-grower, "paying on demand." He added, however, that the volume of purchases will not be high because, in his opinion, with the setting of the new measures, "market prices should exceed the 2,150 cruzado range set for purchase by the Federal Government, which should discourage sales to the IBC."

In 1987, Brazilian coffee exports amounted to only 9.5 million sacks, well below the government's prediction of 14 million. As a result, the estimates of revenues in the order of $4 billion had to be abandoned and Brazil had to content itself with $2.35 billion.

The concern of the coffee-growers is now directed toward "the high interest rates which, if not contained, will cause general ruin in the sector." According to the CNC president, in the last 70 days interest for investment jumped from 0.86 percent per month to 14.5 percent per month in the private banks, which represents an annualized interest in the order of 408 percent.

"It is unbearable," said Miranda, who believes that the government should authorize the liberation of subsidized funds for a period of 90 to 120 days (so that the coffee-grower can catch his breath." The matter of interest rates, by the way, should be the main topic of today's meeting in Sao Paulo among the producers of various Brazilian states. The meeting had already been scheduled before the government established the measures announced by the CNC president yesterday.

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OIL PRODUCTION FALLS SHORT OF 1986 GOALS

Rio de Janeiro O GLOBO in Portuguese 4 Jan 87 p 28

[Article by Ramona Ordonez]

[Text] After breaking successive records in recent years, jumping from a little over 170,000 barrels per day in 1979 to 563,000 barrels per day in 1985, for the first time, national oil production did not reach the targets set by PETROBRAS. According to PETROBRAS' director of exploration and production, Wagner Freire, average production last year was around 594,000 barrels per day, 5.2 percent higher than the 563,000 barrels per day produced the previous year.

The goal of producing an average of 615,000 to 620,000 barrels per day envisioned for last year has been moved up to this year. The good news is that, provided that the necessary funds are forthcoming, national oil production could reach 890,000 barrels per day, 14 percent higher than the 780,000 barrels per day envisioned by the government for 1989.

The director explained that various factors contributed to the goal not being achieved, stressing among them technical problems and equipment problems (such as the lack of a probe, for example, to install the equipment on the sea-floor in two wells in the Mariba field in Campos), and mainly the bad weather on the high seas in the last 3 months of the year. In the Campos Basin, which accounts for almost 60 percent of national oil production, 100-km per hour winds, strong ocean currents and 5-meter high waves caused numerous operational and mechanical problems in various platforms, in addition to affecting the transportation of oil and gas.

The strike since 21 December of almost 800 divers who work on the platforms also contributed to the delay in completing various producing wells in Campos, affecting oil production, admitted Wagner Freire. Work on wells RJS-294 and RJS-293--world record setters--which already should have been in operation since July in the Marimba field at 412 meters in depth, should be completed only this month. They will be the deepest oil-producing wells in the world, surpassing the current record-holder, also located in Campos.

After production has remained between 570 and 580 barrels [as published] in the final months of the year, finally good news: on 30 December, oil production reached 602,400 barrels per day, thus surpassing the 600,000 barrels

produced the first days of the year. According to the director, in December average production was 587,000 barrels per day, compared to 575,000 barrels per day the previous month.

According to PETROBRAS' superintendent of production, Alfeu Valenca, the company plans to reach a record production of 630,000 barrels per day in December of this year and thus achieve a daily average oil production in 1987 of 615,000 barrels, about 4 percent higher than last year. "A year of transition" is how Alfeu Valenca described 1987, when projects will be executed and completed that will make it possible to "produce fruit" beginning in 1988-89. The production of natural gas in 1987 will be about 15 million cu cubic meters per day, compared to 16 million cubic meters last year, with a utilization of over 90 percent.

In fact, in 1989 Brazil should be producing no less than 892,000 barrels of oil per day, a quantity considerably greater than the goal of 780,000 barrels per day set by the Federal Government. That will be possible with the entrance into operation of various sytems, all located in the Campos Basin, which in 1999 should be producing about 650,000 barrels per day, more than the country's current production. Among those systems, the superintendent singled out: 18,000 barrels per day beginning in July in the giant Albacora field in deep waters (at its even part down to 400 meters); 12,000 barrels per day with the entrance into operation of various wells in the Moreia field; 4,000 barrels per day with the expansion of the Viola field system; and another 20,000 barrels per day from the Bicudo field. Other producing regions, such as Espirito Santo and Rio Grande do Norte will contribute another 8,000 barrels of oil per day. A natural reduction of production is expected in Bahia and Sergipe.

For 1987, PETROBRAS' production envisions investments of 8.7 billion cruzados, necessary for the completion of projects intended to increase oil production this year and, mainly, to execute the programs that will permit the addition of about 300,000 barrels per day in the period 1988-89.

Principal Projects That Will Go Into Operation In The Period 1987-88-89

Fields	Production	Date
Marimba	11,000 bbls/d	March 1987
Moreia	12,000 bbls/d	1987
Albacora	18,000 bbls/d	July 1987
Expansion of Marimba	28,000 bbls/d	October 1987
Bicudo	20,000 bbls/d	June 1987
Linguado	25,000 bbls/d	January 1988
Expansion of Bonito	21,000 bbls/d	April 1988
Northeast Pole	100,000 bbls/d	1988
Area of Well RJS-340	12,000 bbls/d	1988
Enchova West	45,000 bbls/d	June 1989
TOTAL	292,000 barrels/day	

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AUTO INDUSTRY FORESEES SETTING THREE NEW RECORDS

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 8 Jan 87 p 21

[Text] ABC--The Brazilian automobile industry, which last year produced more than 1 million automobiles, began the year with the prospect of establishing three records: exports, overall production, and truck production. The president of the National Automotive Vehicle Manufacturers Association (ANFAVEA), Andre Beer, emphasized, however, that fulfillment of those optimistic goals will depend on normalization of the flow of components and stability in the labor market.

According to Andre Beer, in 1987 the sector should export between 250,000 and 300,000 vehicles, mainly to the United States and Italy, with sales of $2 billion. Both the number of units and amount of sales, if achieved will be new records for the auto industry.

The president of ANFAVEA observed that last year the sector's performance in the foreign market was not good. Exports totaled 182,000 vehicles (12.3 percent less than in 1985) and yielded $1.675 billion, marking a drop of 10.5 percent compared to the previous year. Beer attributed the drop in exports to the problems faced by the countries of Latin America and the Middle East, two major markets for Brazilian products.

He believes that the historic 1980 mark could be surpassed this year and declared that the truck segment is the one that will grow the most in 1987. "The supply problems we faced last year stemmed from the fact that the suppliers had reached the limit of their production capacity. Necessary adjustments are underway so that supply may be normalized and we expect the flow of components to be satisfactory in 1987," he declared.

Andre Beer believes that 1986 was a good year for the sector. "It would have been excellent if we had not lost 100,000 units and closed the month of December with 10,000 vehicles uncompleted on the lines," he said. Meanwhile, Beer believes that prices should be revised, but he does not advocate increasing the price of the vehicles to the consumer. "The solution is to transfer part of the taxes built into the price of the vehicles to the manufacturers," he suggested.

Best Sellers

In December, the Escort, Ford's international model, was in first place among the most sold cars, with 6,229 units, followed by the Monza, the General Motors international model, with 5,518 units. Meanwhile, in overall performance for the year, the positions are reversed: in 1986, the Monza was the most sold car (81,960 units) and the Escort was in second place (70,815).

Third place went to the Volkswagen Gol, followed by the General Motors Chevette and the Volkswagen Santana. Volkswagen was the absolute leader in the market, selling 329,825 vehicles, followed by General Motors. Among the large truck assembly plants, Mercedes-Benz was the one that expanded the most, with Saab-Scania in second place.

DOMESTIC MARKET SALES

	1985			1986	
Companies	Dec	Nov	Jan/Dec	Dec	Jan/Dec
Angrale	201	68	1,642	73	800
Engesa	21	25	437	-	-
Fiat Automobiles	7,865	6,598	102,399	10,664	89,370
Ford	14,656	8,033	178,069	10,126	164,556
General Motors	15,353	8,458	206,819	15,332	191,137
Gurgel	218	207	2,127	142	1,317
Mercedes-Benz	2,527	1,152	34,202	2,559	27,803
Saab-Scania	424	211	5,008	376	4,146
Toyota	151	226	3,437	210	2,486
Volkswagen	22,098	15,331	329,825	20,188	278,840
Volvo	365	157	2,762	356	2,531
Others	22	15	206	8	194
TOTAL SALES	63,901	40,481	866,933	60,034	763,180

*Preliminary

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BRIEFS

USSR SEEKS JOINT-VENTURES--Rio--The executive secretary of the Foreign Trade Studies Center Foundation (FUNCEX), Elcio Costa Couto, revealed in Rio yesterday that the Soviet Union plans to attract Brazilian firms for the creation of joint-ventures in the areas of supermarkets and engineering services. He added that the Soviets praised the technology gained by Brazil in those two areas. According to Costa Couto, who has just returned from a visit to Moscow, the Soviet Union will permit foreigners to hold up to 49 percent of the capital of the companies and they are currently discussing the drafting of new, more liberal laws on foreign capital and foreign trade in addition to being in the process of completing studies to define "profit." According to Costa Couto, the USSR is going to end the current oligopoly in foreign trade under which there is one state company responsible for the imports of each sector. The new laws will be more flexible. "The Soviets are attracting foreign capital and we, in contrast, are creating reserved markets and speculating about restrictions on outside capital," said Costa Couto, who is the former secretary general of the Planning Ministry, a position he occupied in the Geisel administration, and the brother of Interior Minister Ronaldo Costa Couto. [Text] [Sao Paulo O ESTADO DE SAO PAULO in Portuguese 8 Jan 86 p 2] 8711/12795

MINISTER TO VISIT CUBA--Brasilia--Communications Minister Antonio Carlos Magalhaes will be the first Brazilian official to visit Cuba officially after the resumption of diplomatic relations between the two countries. Authorized by President Jose Sarney, Antonio Carlos Magalhaes will travel to Havana by the end of the month; next March, it will be the turn of Justice Minister Paulo Brossard. The Brazilian ministers who will visit Cuba were invited by the Cuban ambassador in Brazil, Jorge Bolanos. Antonio Carlos Magalhaes is going to inaugurate the International Direct Dialing (DDI) system between Brazil and Cuba. The communications minister will be accompanied by the presidents of TELEBRAS and EMBRATEL, Almir Vieira Dias and Jorge Castelo Branco, respectively. [Text] [Sao Paulo O ESTADO DE SAO PAULO in Portuguese 31 Dec 86 p 23] 8711/12795

MILITARY ON MINISTRY OF DEFENSE--Rio--The military ministries consider unfeasible the proposal to create a Ministry of Defense and point to two principal factors to justify their position: first, because they consider the suggestion to be inspired by political prejudice against the Armed Forces which, according to some, should be punished for the arbitrary acts or antidemocratic actions that may have been practiced by a majority; second, because the reality of the Brazilian military budget makes the creation of a new ministry untimely. According to official data and those from international organizations, the funds allocated to the Armed Forces have fallen to extremely inadequate levels in recent years. The military ministers do not accept the argument that only by the creation of a Ministry of Defense will the military services be able to effect a savings in keeping with the needs of the country. [Text] [Sao Paulo O ESTADO DE SAO PAULO in Portuguese 3 Jan 87 p 2] 8711/12795

SUBMARINE CONSTRUCTION SITE--Navy Minister Admiral Henrique Saboia said yesterday that the structure for consturction of the first Brazilian submarine will be built at the site of the warehouse where a deactivated carpentry shop operated alongside the drydock in the Rio de Janeiro Navyyard. This submarine will utilize national manpower and German technology in a phase that will continue until 1991. The first of the four IKL-209 1400 Class has been in the process of construction in Germany since 1985. The other three will be built in the Rio de Janeiro Navyyard at a price of about $200 million each. According to the ministry, after those four IKL's, the Navy should produce four more submarines of the NAC 1 class, planned in principle for conventional propulsion. [Text] [Rio de Janeiro O GLOBO in Portuguese 5 Jan 87 p 8] 8711/12795

CSO: 3342/56

BRIEFS

AMBASSADOR TO ISRAEL--The government of Israel yesterday gave its approval to the appointment of Santiago Benadava to be Chile's ambassador in that country. It must be pointed out that the diplomat, who will assume this office next month, is holding the position for the second time. The nation's representation had been vacant for 10 months. Ambassador Benadava was born in Rancagua in 1931. He studied law at the University of Chile and became a lawyer in 1955. He took post graduate courses at the International Law Academy in the Hague and at the University of North Carolina, United States, where he obtained a master's degree. He joined the Foreign Relations Ministry in 1961 and served in Chile's embassies in the Hague, London, Warsaw, Vienna, Quito, and Tel Aviv. He has been a member of the nation's delegation to the United Nations General Assembly, the Conference on the Law of the Sea, and other international organizations and conferences. Benadava was also ambassador, on a special mission, to the Holy See in connection with the differences regarding the southern zone, and he was also ambassador to Israel. He is a professor in international law at the University of Chile and also taught at the Diplomatic Academy of Chile and the Higher Institute of National Police. He is also a member of the Permanent Arbitration Court of The Hague and the Conciliation Commission between Chile and Argentina established by the 1985 Peace and Friendship Treaty. Ambassador Benadava is the author of "Manual de Derecho Internacional Publico" [Manual on Public International Law] and various works in his special field. At this time, he is assigned to the Executive Secretariat of Economic Cooperation and Integration with Argentina. [Text] [Santiago EL MERCURIO in Spanish 2 Dec 86 p C-5] 5058

FOREIGN RESERVES INCREASED--The international reserves of the Central Bank during October showed a major increase, the biggest recorded this year, when $146.1 million were added. As a result of this increase, the international reserves of this bank of issue came to $1,599.6 million, the highest level during the past 4 months. However, between January and October of this year, it varied considerably, showing a decline of $267.1 million whereas in December 1985 the reserve inventory came to $1,866.7 million. The Central Bank indicated that the increase in its holdings and international assets is to some extent explained "by an increase in foreign exchange assets ($22.2 million) and the price of gold ($38.7 million)." [Text] [Santiago EL MERCURIO in Spanish 4 Dec 86 p B-3] 5058

NEW COMMANDER NAMED--In a military ceremony of an in-house character, held yesterday morning at the Buin Regiment, Brig Gen Jaime Gonzalez Vergara took over as CG, 2nd Army Division, with HQ in Santiago, replacing Brig Gen Samuel Rojas Perez. Gen Gonzalez Vergara will also be military judge of Santiago. The ceremony was held at 1030 with the corresponding honors and was attended by members of the general officer corps. Brigadier General Gonzalez was CG, 5th Army Division, a post he had assumed on 13 December 1985. Before that he was also CG, 7th Brigade and Quartermaster of the 11th Region, for 2 years. He was assistant commander of the 4th Army Division in Valdivia; he was advisor at the Inter-American Defense College in Washington; secretary of the Military Mission of Chile in the United States; deputy director of the Cavalry School in Quillota; and CO of the "Lancers" Armored Cavalry Regiment in Puerto Natales between 1977 and 1980. [Text] [Santiago EL MERCURIO in Spanish 4 Dec 86 p C-5] 5058

STATE OF SIEGE EXTENDED--The Official Gazette yesterday published the decree which, for 30 days, extends this state of emergency in various parts of the country and which designates the military commands charged with administering it. The government delegated authority to administer the state of siege in various provinces in the country's north, center, and south, according to a decree of the Interior Ministry, published yesterday in DIARIO OFICIAL. The authority thus delegated will make it possible to restrict freedom of movement, to prohibit certain persons from leaving national territory, to suspend or restrict the right of assembly, to suspend or restrict freedom of information and opinion, and to impose censorship on correspondence and communications. Here are the military commanders who received this authority: Brig Gen Helmuth Kraushaar, II Region of Antofagasta; Army Lt Col Gabriel Alliende, III Region of Atacama; and Army Col Hernan Ramirez Rurange in IV Region of Coquimbo, all in the northern zone. In V Region of Valparaiso, with the exception of the provinces of Valparaiso, San Antonio, and Easter Island, Army Col Rafael Villarroel Carmona was appointed and in the previously mentioned provinces, the appointment went to VAdm Hernan Rivera Calderon until 17 December. The following day, RAdm John Howard will take over. The state of siege in the Metropolitan Region will be administered until 12 December by Brig Gen Carlos Ojeda and, from Saturday, 13 December on, by Brig Gen Jorge Zincke Quiroz. In the 8th Region of Biobio, except for the communities of Talcahuano, Penco, and Tome, authority was assumed by Brig Gen Eduardo Ibanez and, in the communities where he was not given jurisdiction, the job will be taken over by RAdm Eduardo Alvayay Fuentes. The Official Gazette yesterday also published Supreme Decree No 1435 of the Interior Ministry, extending by 30 days the state of siege in the province of Antofagasta, in II Region; in III Region, except for the province of Chanaral; in IV and V regions, in VIII Region, with the exception of the province of Arauco, and in the Metropolitan Region. [Text] [Santiago EL MERCURIO in Spanish 7 Dec 86 p C-3] 5058

CSO: 3348/146

DAS, F-2 UNIFICATION PROPOSED

Bogota EL ESPECTADOR in Spanish 13 Dec 86 p Bogota 1

[Article by Hernan Unas]

[Excerpt] The new commander of the Bogota Police Department, Brig Gen Eduardo Fajardo Venegas, yesterday proposed merging the investigative police of the DAS [Administrative Department of Security] with the F-2 force, in order to avoid a continuation of overlapping duties and scattering of their efforts in similar endeavors.

General Fajardo said that in this way the National Police could further boost the professional and technical capabilities of those who are now carrying out that important function in the DAS, since the armed corps of which it is a part has a suitable structure and resources to carry out such a unification, which he feels will be beneficial for the nation.

Fajardo Venegas, a specialist in business administration and top-level management, yesterday took over command of the Bogota Police during a ceremony held at the Suba Police Training School. The ceremony was presided by Maj Gen Jose Guillermo Medina Sanchez, director of the school.

Decentralization of Command

General Fajardo told this paper that he does not propose to "monopolize" the command, but on the contrary to gradually decentralize it, by giving appropriate responsibility to commanders of the city's three districts.

He also announced that he will assign police units to work with various city administrative departments, so that they may cooperate in an ongoing manner with those officials and administrators in carrying out police duties, especially in matters related to security and to weights and measures. This is all designed to keep consumers from continuing to be victimized by the greed of hoarders and speculators.

He also said that there are plans to increase the On-Call Police Corps and the Motorcycle Squadron, providing them with sufficient instruction and

training so they can be ready at any moment to move to any place in the capital city and begin operations immediately.

Fajardo, who completed a police operations course in Fort Bragg, North Carolina, said that during his recent visit to Spain he had an opportunity to observe the great mobility and efficiency of the motorcycle police there. He was also surprised about the way in which they keep informed of everything happening in major urban centers.

He commented that in the days to come 150 additional motorcycle police will be added to the force, as the mayor, Julio Cesar Sanchez, has promised to provide an equal number of motorcycles, in order to halt the mounting wave of unrest. He spoke of the mayor's good will in all matters related to improving police vigilance in the city.

7679
CSO: 3348/160

ANDEAN PACT MEETING MODIFIES DECISION ON FOREIGN INVESTMENT

Bogota EL ESPECTADOR in Spanish 17 Dec 86 pp 1A, 9A

[Text] Substantial changes were made in Decision 24 in Lima, making it a regulatory model for each Andean Pact member nation: Decision 120 which had established an automotive policy was eliminated; there was complete consensus on the modifying protocol of the Cartagena Agreement; and an emergency plan is to be applied when it is ratified at the next session which will meet in January 1987.

In a plenipotentiary meeting of the Andean Pact nations held in Lima between 14 and 16 December, new life was given to the Andean Pact, and the Colombian positions, designed to renew confidence in the pact, were approved.

EL ESPECTADOR has learned that the following changes were made in Decision 24, which establishes regulations for foreign investment in the subregion:

a. Discrimination in requirements for domestic and foreign investors is being eliminated in each of the member nations. Foreign investors had been required to become national when working in the market of a single nation.

b. While foreign firms desiring to work with the extended market, that is, the market formed by all the Andean Pact nations--Colombia, Ecuador, Peru, Venezuela, and Bolivia--must become national firms, the time period allowed for this conversion has been extended from 15 to 30 years. In addition, they are not required to seek national partners in advance, but they will be given a 3-year period in which to do so.

c. Full autonomy and powers to legislate in foreign investment matters is being restored to the member nations; this power had been limited by the Cartagena Agreement.

Based on what has been learned by this paper, with the modification of Decision 24, the regulations covering foreign investment in all the nations of the subregion are now being modernized and made more flexible.

Modifying Protocol

The statement issued by the plenipotentiary meeting described the agreements reached on the modifying protocol as follows:

a. Full agreement on the special regulations for Bolivia and Ecuador, countries which are less developed economically.

b. Agricultural regulations established in the Pact.

c. Application of safeguard clauses.

d. Real physical integration.

e. Establishment of the Andean Parliament as the Pact's principal organ.

f. Proposal capability for the member nations.

g. Industrial programming.

h. Lists of exceptions.

i. Economic and social cooperation.

The source consulted by this paper said that with the modifications which have been introduced, the Andean Pact will no longer be stigmatized as an obsolete group. This will provide an opportunity to design joint international policies.

The source also spoke of Colombian-Venezuelan solidarity—they worked together to bring about substantive modifications to revive the Andean Pact--and of the Peruvian sacrifice in accepting these measures despite its difficult economic situation.

More Agreements

The Cartagena Pact delegates also decided on a transitional program, adopting a regulatory decision to provide a legal solution for short-term trade problems.

This will also permit the consolidation and revitalization of subregional trade until the modifying protocol takes effect. The new protocol might possibly take effect on 20 January 1987.

In addition, the representatives of the member nations of the Cartagena Agreement decided to repeal Decision 49 on industrial development and

Decision 120 which established an automotive program. These changes will also take effect when the protocol has been signed.

In the statement signed by Fernando Caceres Diaz of Bolivia, Samuel Alberto Yohai Obadia of Colombia, Xavier Neira Menendez of Ecuador, Manuel Romero Caro of Peru, and Eduardo Mayobre Machado of Venezuela, they agreed to meet again on 14 January 1987 in order to finish drafting the articles of the modifying protocol.

The signers of this statement concluded by pointing out that with the substantial changes agreed upon in Lima, the prospects for subregional trade have been improved, and the ties of friendship and cooperation among the Andean Pact members have been strengthened. Now they can begin to work on agreements with other Latin American nations.

7679
CSO: 3348/160

MEASURES PROTECTING NATIONAL INDUSTRY TAKEN

Bogota EL ESPECTADOR in Spanish 28 Dec 86 pp 1A, 7A

[Text] Decree 222 of 2 February 1983, the National Purchases Statute, is to be modified, either by an executive decree or by the introduction of a bill in congress. This will be done in order to provide greater protection for Colombian industry when participating in bidding and public projects.

The serious defects of Decree 222 became apparent from the start, when Colombian industries were overlooked in contract bidding because of their technological backwardness.

Municipalities, departments and the Special District were excluded by a ruling of the Council of State, as the article which included them was held to be unconstitutional.

In addition, Decreee 222 does not apply when dealing with restricted funds offered by foreign governments or when dealing with World Bank or Inter-American Development Bank loans.

Concealed Dumping

Colombian industrialists have complained that a sort of concealed dumping was created, with exchange rates being manipulated, making internal prices seem much lower than international prices.

The New Colombia Industrial Foundation, sponsored by FEDEMETAL [Colombian Metallurgical Industries Federation] and the Industrial Development Institute, has presented a study to the government. It is entitled "Alternatives for the Development of Capital Goods Industries." This report describes the changes that should be made in the National Purchases Statute.

In presenting this study, the vice minister for development, Fernando Panesso Serna, said that the government is considering modifying Decree 222 of 1983 by means of an executive order or by the introduction of a bill for consideration by congress.

What Decree 222 Is

Decree 222 of 2 February 1983 was issued during the presidency of Belisario Betancur. It claimed to give protection to Colombian industry, and laid the bases for national contracting and purchasing.

Public service contracts were defined as those drawn up for construction, assembly, installation, improvements, additions, conservation, maintenance, and restoration of real property, either of a public character, or directly destined for a public service.

Regulations were also issued to protect Colombian engineering. It was provided that "when contracting for public works projects which use only Colombian internal resources, or external resources from organizations not requiring the participation of foreign firms, these projects will be contracted with Colombian companies, and bidding will not be opened to foreign firms, except when, in the opinion of the agencies awarding the contracts, the nature of the projects or works makes such participation necessary."

Foreigners were required to join with national enterprises when the projects required the participation of foreign companies, but importance was to be granted to the national work.

In the same manner, consulting contracts were defined for the execution of investment projects, prefeasibility studies or for technical coordination advisory work.

The duration of supply contracts for the acquisition of movable property for public agencies was set at 2 years, which could be extended for the same length of time.

In order to protect national jobs, it was stated that "in contracts awarded by agencies under this statute, national industrial products and services should be given preference."

Loss of Image

The New Colombia Industrial Foundation pointed out in its study that in the second half of the 1970s, the industrial sector began to lose its leadership because of its inadequate contribution to job creation, its distorted structure, its lack of dynamism, and its stagnation in the areas of investment and technological change.

The Foundation believes that reversing the process of industrial stagnation requires a firm political decision to modernize Colombia's existing industry and create new industries under the National Plan for Economic and Social Law.

The report states that the capital goods industry has special features, such as its capacity to generate jobs and its need for technological development in new processes and products.

The report indicates that industrial promotion mechanisms should contain features related to credit, taxes, tariffs, state purchasing, export promotion, and technological development.

It also considers the possibility that the Colombian financial system may not have sufficient resources to stimulate the development of the capital goods industry.

"The preference for imported goods over Colombian products is related to factors such as timely delivery, quality, and prices. The first two factors--quick delivery and quality--may on many occasions be more important than price."

Modifications

In the foundation's view, the official purchases policy should be strengthened in the following ways:

a. It should serve primarily as a tool for industrial development. There should be no conflict between the objectives of obtaining high quality goods and developing the capital goods industry. The purpose of the official purchases policy should not be limited to increasing local acquisitions; it should rather seek improvements in quality, in the national added value, and in the productivity of Colombian industries.

b. Having a huge mass of protective regulations for our national industry is unwise; such regulations should be simplified and made more uniform. Mechanisms for coordination between state enterprises and capital goods manufacturers should be created.

c. State agencies should spell out their long-term purchasing programs so that industries can plan their activities.

d. The private sector should involve itself more closely with governmental analysis of demand for capital goods and with investment programming.

e. "In the past the emphasis in protective regulations for national industries in official purchases has been on control mechanisms. Positive legal and promotional measures should be established to complement these negative regulations."

The foundation feels that methods other than bidding could be used to enable local industry to participate and seek export markets in order to make use of scale economies and to cut costs.

f. Colombian legislation has been ineffective, as technological decay has continued, despite the purchasing procedures of state enterprises.

g. Tariff exemptions in the public sector have no clear justification from a fiscal viewpoint, as taxes are a simple intragovernmental transfer. "Such exemptions create distortions and make it difficult to apply protective regulations to national industry in official purchases. For this reason, an attempt should be made to eliminate them."

h. Financing mechanisms should be improved, by eliminating discrimination against local providers. Protection of local industry should be a decisive factor in external indebtedness.

i. It is essential to have clear and definite political intentions, and the technical and administrative structures to carry these intentions out, as in many instances protective measures remain as simple expressions of good will.

7679
CSO: 3348/160

STRATEGIES TO STOP FUEL SPECULATION STUDIED

Bogota EL ESPECTADOR in Spanish 29 Dec 86 pp 1A, 12A

[Text] National, departmental, and municipal authorities have begun to study ways to halt the wave of speculation and hoarding that the 18.5 percent increase in fuel prices, which the government ordered last Friday, is unleashing all over the country.

They will also discuss with the business community the inevitable price increases in urban transportation fares which, observers say, should be lower than the gasoline price readjustment.

It was expected that one method used to halt speculation may be price controls on essential products, so that merchants and shopkeepers will only be able to charge what the government has authorized. This has frozen some food prices.

In Bogota

In Bogota, Mayor Julio Cesar Sanchez Garcia will meet today with the secretary of government, the police chiefs, and the 19 city council members in order to set in operation a plan "so that sellers of food products, especially essential food items, will be strictly limited to the authorized increases," Dr Carlos Bula Camacho told EL ESPECTADOR.

The official called for strong solidarity and support from the citizens for this state action, for a campaign against speculation and hoarding can only succeed if it has the determined support of consumers, who have the duty to report any abuses.

Protests Continue

Along with the measures being taken by municipal officials in a number of the nation's cities, yesterday protests from all sectors continued, especially consumer protests, for they feel that the rise in fuel prices will generate other increases in essential services such as transportation, and then in items that make up the family market basket as well.

While workers' leaders maintained that the 22 percent rise in the minimum wage which the government ordered has still not been implemented, transportation representatives said that the 20 percent readjustment in fares which they were thinking of requesting for urban, departmental, and municipal transportation systems will not be sufficient now, with the fuel price increases.

Conservative Critic

The minister of finance in the shadow cabinet, Rodrigo Marin Bernal, said in Manizales that the rise in fuel prices is the first result of the Tax Reform recently passed by Congress and signed by President Barco on 23 December.

The conservative senator said that the 18.5 percent average rise in the price of petroleum byproducts exceeds any such price readjustments in the past.

Marin Bernal indicated that the objective of this increase is to avoid the financial collapse of ECOPETROL [Colombian Petroleum Enterprise] by shifting to consumers the transfer tax that the company should be paying, as provided in the Tax Reform.

"This means that the government wants to guard against the effects the Tax Reform will inevitably have on ECOPETROL's finances, given the high cost of the transfers provided by the new tax legislation, which in 1987 may come to 40 billion pesos."

According to EL ESPECTADOR's correspondent in Manizales, Evelio Giraldo, Marin Bernal said that the government's Christmas gift was not the tax reform, but rather the rise in gasoline prices, ordered to take effect at zero hour on Saturday.

"The predictions the conservatives have been making during the last 2 months have been fulfilled, for it doesn't help the taxpayers at all to be given income tax cuts, and then be forced to have less income in real terms as a result of increases in the prices of items that make up the family market basket."

He felt that urban transportation fares are bound to go up, with an inevitable escalation during the first months of 1987.

Hurting the Economy

The increase is considered harmful for family incomes, because of its direct impact on prices of everyday consumer goods, which showed immediate price rises.

In Cucuta ASOEMPRESAS [Association of Public Transportation Companies] denounced the measure, stating that it will unleash a wave of speculation in essential consumer goods.

In Cucuta markets, only 24 hours after the readjustment there were 40 percent increases in the price of some basic goods. In various cities throughout the nation, similar phenomena occurred because of some merchants' unlawful actions.

For that reason, the government has begun to study a series of measures to halt the price hikes which are taking place without any official authorization. These measures will be announced within a few days.

In the capital of Norte de Santander, despite the black market in Venezuelan gasoline which is sold at lower prices, the cost of Colombian fuel has already had an impact on other goods.

Edgar Rangel Amado, president of ASOEMPRESAS, told EL ESPECTADOR's correspondent, Santiago Linan, that the transportation workers union and consumers should unite to demonstrate to the government their rejection of the price increase and the need to establish effective controls to guard against speculation.

The economies of border towns will be hurt even more because, with the increased prices of Colombian products, consumers will shop in cities across the border.

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CSO: 3348/160

BRIEFS

54.6 PERCENT EXPORT GROWTH--So far in 1986 Colombian exports have increased 54.6 percent, amounting to US $3.906 billion. A report from the Colombian Foreign Trade Institute states that coffee shipments increased in value by 81 percent, totalling US $2.593 billion. The study reports that Colombian sales of its goods, both traditional and nontraditional, rose in 12 of Colombia's 17 international markets. Exports increased particularly to members of the Latin American Integration Association, to North America, the European Economic Community, and the European Free Trade Association. Exports to the rest of the nations of West Europe, Asia, Oceania, the Antilles, continental China, and the Andean Group countries also rose. But on the contrary, sales to Central America, the Caribbean Common Market, East Europe, the Middle East and Africa declined. The study by the Foreign Trade Institute specifies that exports to members of the Andean Group came to US $111.5 million, a 14.7 percent increase, with a particularly strong upturn in sales to Peru. To members of LAFTA [Latin American Free Trade Association], Colombian sales amounted to US $56.1 million, a 53 percent rise, with big increases in sales to both Argentina and Mexico: sales to Argentina rose by 79 percent, and sales to Mexico by 42 percent. The Central American Common Market bought 32 percent less in 1986 than it did in 1985; in 1986 its purchases totalled barely US $10.3 million. Sales to Cuba were up 115.7 percent; to Panama, up 99.9 percent; and to Haiti, up 85.7 percent. Exports to Canada in 1986 showed a 45 percent increase, amounting to US $21.4 million, while sales to the United States rose by 23.5 percent, reaching a total of US $512.5 million. [Text] [Bogota EL ESPECTADOR in Spanish 8 Dec 86 p 7A] 7679

CSO: 3348/160

ARIAS' FOREIGN SERVICE APPOINTMENTS CRITICIZED

San Jose LA NACION in Spanish 7 Nov 86 p 14-A

[Editorial: "The Vicissitudes of Our Diplomacy"]

[Text] The establishment of a Marxist-Leninist regime in Nicaragua, with ominous projections for the institutional life of neighboring nations, has generated an unprecedented challenge for Costa Rica, whose historic vocation of peace, shaped by the constitutional ban on the army, means that its security depends above all on the instruments of diplomacy. That is why the effective political support of the international democratic community is a fundamental pivot in the defense of our sovereignty.

Given this context, it was to be expected that our governments would do their utmost to improve and strengthen the Costa Rican diplomatic apparatus, placing the national interest above petty party considerations. Unfortunately, such has not been the case, as one can see in the traditional attitude of political groups toward the Foreign Ministry, traditionally the main retreat of election patronage and favoritism.

The harmful campaign to discredit the country waged by the dictatorship in Managua and the pernicious dimensions reached by the harboring of the neutralist stagnation of the Monge Administration, have made it imperative to work a substantial change in the handling of our foreign policy, an issue on which the two main candidates in the last elections agreed. In his inaugural address, President Oscar Arias emphasized the idea of undertaking vigorous diplomatic steps aimed at forging an alliance of democratic nations to face up to the totalitarian threat.

This encouraging move, based on the promise made during the campaign to bring "the best" elements into government, ruling out partisan considerations, envisioned a transformation of the Foreign Service that would make it the corps of great merit and excellence required in order to effectively project Costa Rican democracy in the world sphere. However, the optimism initially generated by the foreign policy of the Arias Administration, spurred on by the proper action taken at the Esquipulas summit conference and concerning Contadora, has gradually given way to the overwhelming persistence of evils already endemic in national diplomacy.

First of all, the choice of ambassadors and other diplomatic officials went on indefinitely, for the traditional struggle over the distribution of foreign posts prevented the expeditious appointments which the circumstances required. Likewise, the profile of the appointments that slowly emerged, both in makeup and number, reveals that partisan criteria once again prevailed, although per haps to a lesser extent than in the past. Furthermore, it would appear that the plan of eliminating positions and even the number of embassies so as to strengthen the most important representations was sacrificed for the sake of postelection considerations which, despite the good intentions of the president and his foreign minister, could not be ruled out.

The obstructed process of putting together the Foreign Service reduced national diplomacy nearly to the status of traveling missions. More than once we have seen large groups of officials undertake trips abroad with the principal result to date apparently being the publicity which those tours receive in Costa Rica. It should be pointed out that even President Arias' visit to the United States a few weeks ago for the purpose of going to the UN General Assembly went practically unnoticed by Americans.

The scattering of resources and efforts at the expense of the work which the times demand of Costa Rican foreign policy has also become evident because of a number of bright ideas of the Foreign Ministry, such as possible participation in the Movement of Nonaligned Nations.

The administration of Oscar Arias began with an unprecedented opportunity to shape reforms in the Foreign Service, reforms which for many years the main political parties have suggested but not put into practice. To date, that possibility has been squandered and, what is even more worrisome, one can still not discern in the government a clear will to transform and give our diplomacy its proper thrust. Postponing this task is an error whose consequences the country could soon begin to suffer. Therefore, not only do we need the government's decision, but also the cooperation of individuals and partisan organs from which there has been regular pressure halting reform intentions.

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CSO: 3248/121

PROPOSED INCOME TAX LAW SPARKS DEBATE

Commentary Assails Proposal

San Jose LIBERTAD in Spanish 24-30 Oct 86 p 4

[Text] As part of the policy which the government is promoting in order to achieve what is commonly called the "economic recovery," an income tax bill has been put before the Legislative Assembly that would immediately lower the tax contribution of big business by over 800 million colons, while forcing smaller companies and wage earners to pay higher rates.

During the legislative proceedings, there has been almost unanimous agreement among Liberation and Christian Social Unity (USC) deputies, which guarantees that the bill will very soon become law. The agreement shows that on economic, fiscal and other matters, there is a single purpose promoted by those who call themselves social democrats as well as by those taking the label of Christian socialists.

The president, minister of finance and the president of the Central Bank have repeatedly said that the country is in urgent need of economic growth in order to achieve stability and that in order to do so, private and basically foreign investments are needed to make our nation something like Taiwan, Singapore and other Asian "emporiums."

In accordance with this view, the income tax bill substantively contains a considerable reduction for big businesses. At the present time, the tax on companies varies between 10 and 50 percent on the taxable profit. The bill contains a single 30-percent rate, with a variation of 20 percent for small companies. Big businesses will have a 20-percent reductionin their tax obligations.

In contrast, for small companies, there is an increase in the minimum tax of 10 percent compared with the existing rate, which will bring the sector to the brink of bankruptcy. This gaping inequality established by the bill has been softened by its backers under the pretext of stimulating efficiency and castigating inefficiency or idleness, but it actually means giving incentives to those who have the most and who can do the most, punishing those working with less capital and greater difficulties.

It is necessary to point out that with respect to this point, the new tax legislation does not cl im to take in greater resources for the government, but rather, stimulate priva investment.

Government officials and deputies have said that this legislation would mean the loss of some 800 million colons, but that that is the price we will have to pay to attract international capital.

In addition, we must recall that it has traditionally been the big national and foreign businesses that have enjoyed tax exemptions amounting to millions. Furthermore, it is in that sector where one sees the greatest tax fraud. As a punishment, the Arias Administration and the Unity deputies decide to draft an income tax law which has been publicly backed -- and not by accident -- by the newspaper LA NACION and the Union of Chambers.

The proposal also envisions modifications in the tax paid by individuals, meaning wage earners. It establishes what is clearly called the "wage tax," varying from 5 to 15 percent for nominal wages of over 30,000 colons.

Withholding of such taxes will be done monthly by employers, just as deductions for Social Security or the People's Bank are withheld, which means giving that sector substantial capital which, we well know, has been diverted from the original purpose on more than one occasion.

Concerning wage taxes, it should be pointed out that the bill eliminates a series of deductions existing to date, such as dependents. It now establishes a single status of wage earner, who will pay the tax exclusively based on the amount of his wages, independently of his family obligations.

The previously described elements of the new income tax bill clearly define the government's goals regarding taxes: an open-arm policy regarding big business; a heavy hand for small companies and wage earners.

Once again, Liberation and the Christian Social Unity are working together to govern jointly for the benefit of big national and foreign capital, placing an ever greater burden on the backs of Costa Rican workers.

Reform Hailed

San Jose LA NACION in Spanish 13 Nov 86 p 14-A

[Editorial: "The Growing Fiscal Deterioration"]

[Text] The recent statements by Dr Fernando Naranjo, minister of finance, concerning the deterioration of the fiscal situation this year and the danger that it will become unmanageable in 1988, when there will probably be a drop in additional revenue which the increase in coffee prices has created for the Treasury and the balance of payments, seem very sincere and well-intentioned. For that reason, we wish to express to the minister and the government our resolute support in whatever efforts must be made to improve the fiscal situation, provided that the measures and reforms proposed are within the guidelines we wish to consider.

According to the minister himself, fiscal income in 1986 will be 3 billion colons lower than the initial estimate, while spending will be up by a similar sum, yielding a deficit of 6 billion colons. The reduction in tax revenue results from the passage of several laws providing incentives, exemptions and benefits for a large number of activities, the inadequate tax administration (including the as yet unresolved problem of customs) and the tardiness of taxpayers, especially those who collect consumer and sales taxes. The tax base has been eroded substantially, producing the paradoxical problem that some enterprises and individuals bear an excessive burden, while others pay nothing or very little compared with their ability to pay.

The increase in spending is partly due to the populist attitude of previous deputies who, for election reasons, approved increases in pensions over the government's real ability to pay, or the lack of planning on the part of governments, which have not worked out a coherent plan for reducing the government bureaucracy, or the policy of increasing the bureaucracy in order to meet the demands of political colleagues, or the wage policy, which has granted real increases going far beyond the government's financial capacity as an employer, or other structural rigidities that have grown over the years but which no one to date has had the courage -- or desire -- of resolving.

A basic reform is being imposed in the tax structure aimed at correcting serious distortions at the base of the different taxes. A good example is the income tax, whose proposed reform we have analyzed and, for the most part, supported in this section recently. There are many companies and individuals who legally or in fact pay little compared with their net income, while the marginal rate for those with the ability to save and invest is 50 percent. Consequently, it is important to reform the tax structure without thinking about tax increases. Making everyone pay his share, including laggards, is something that must be done, but the opportunity must not be used to increase the tax burden.

And yet, reforming the tax system is not something that can be done overnight. Any reform is politically complex and discussion may last months or years in the Assembly. However, the fiscal problem is immediate, especially because the volume of spending and the deficit has an immediate effect on the general spending level, prices and the balance of payments. We see no other solution for cutting spending. Unfortunately, in this area we have seen no effective effort by the new authorities.

The government has not been reorganized, as had been announced, but we have had the announcement of the creation of new posts in the budget, when what would be more fitting would be to freeze the number of public servants so that within a few years, we shall have a natural reduction in their number through resignations, deaths and retirement. Above all, the government must make a critical revision in its wage policy in this sector, which has been very expansive. If a significant effort is not made to correct the problems, we could have a second crisis in 1988.

11,464
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EDITORIAL VIEWS 'DIM' PROSPECTS FOR PEACE TALKS

San Jose LA NACION in Spanish 8 Nov 86 p 14-A

[Editorial: "The Tragic Comicalness of Contadora"]

[Text] When the Contadora Group meets with its acolytes in the Support Group on 16 December in Brazil, it will take along its own remains, the only case in history in which the deceased will officiate over the wake, requiem and autopsy.

A decision and proposal recently made public reflect the reality of the Central American crisis and the sad denouement of the Contadora Group.

The government of Costa Rica has decided to abstain from attending the Contadora meetings as long as the group does not express "a vigorous reaction" to the accusation made by the Nicaraguan Government to the International Court of Justice in The Hague. As Dr Oscar Arias, president of Costa Rica, stated, "the accusation before The Hague court is a slap in the face of Contadora." For his part, Costa Rican Foreign Minister Rodrigo Madrigal N. stated that the Nicaraguan regime's demand regarding the alleged complicity of Costa Rica and Honduras with the anti-Sandinists "disqualifies" Contadora as a peace negotiator in Central America because dialogue and accusations are mutually exclusive.

This has also been the position of the government of Honduras as revealed by President Jose Azcona during his recent visit to Costa Rica.

Such is the response of dignity from two democratic countries vis-a-vis the cynicism of the communist government of Nicaragua and the accessory indifference of the Contadora Group, engendered, as demonstrated by numerous facts and statements, not so much in order to establish democracy and, consequently, peace in Central America as to provide Nicaragua with sufficient time and space to consolidate itself as a totalitarian system. From that standpoint, Contadora has triumphed in mourning and blood.

The decision of Costa Rica and Honduras is not limited to these two countries. Given the overall nature of the Central American crisis, it affects El Salvador and Guatemala. The latter will now have to take a gallant position, likely in the case of El Salvador and doubtful in that of Guatemala, whose steps in recent years have been ambiguous and hesitating.

However worthy the move of Honduras and Costa Rica, that of the government of Panama was shameless, the proposal of "a military component" in the negotiations of the Contadora Group. Its reasons could not be more insolent or impudent: Foreign ministers, Panama says, know nothing about weapons or munitions -- even though they are what maintains the Panamanian Government. According to General Noriega, Central American military men "are very good, very capable and are interested in helping," an opinion which, because of its fallaciousness and ignoble origin, disqualifies the proposal, and "military advice would provide negotiations with realism." In other words, the realism of the truth and principles on Central America, necessarily linked in democracy, vanishes in the language of the head of the Panamanian Government, Gen Manuel Noriega, and his faithful spokesman in Contadora, Jorge Abadia, yielding to military power as the craftsman of peace. This inimitable blunder of the Panamanian military, bulwark and source of its government, faithfully describes the ideological and ethical content of the Contadora Group.

All in all, one must give credit to the Panamanian regime for its candor, although it came to light in the final hours of Contadora. This confession matches the original intention of Mexico. The purpose of these two countries was not democracy and peace in Central America, but rather, implementation of the Contadora Group. Mexico has used it so that in Nicaragua, a regime in its image -- single-party -- might take root. Blame shared is less painful than a monopoly of guilt. For its part, the government of Panama, shaped to fit the interests of the military, could only give its own credentials to the "pacification" process: militarization. No one can give what he does not have.

In the light of this "realism," the meeting in Brazil on 16 December takes on a tragic comical light.

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C.R. RODRIGUEZ ON ECONOMIC REFORMS, OTHER ISSUES AT CEMA MEETING

Havana GRANMA in Spanish 5 Nov 86 p 5

[Text] (Speech delivered by Carlos Rafael Rodriguez, member of the Politburo of the Central Committee of the Communist Party of Cuba, and vice president of the Councils of State and Ministers, at the 42d Session of the Council for Mutual Economic Assistance [CEMA], Bucharest, 3 November 1986)

Honorable Comrade President,
Honorable Comrade Chiefs and Members of Delegations:

Upon initiating the activities of the Council in this fraternal, receptive Bucharest, for whose hospitality we thank its people, the leadership of the Communist Party of Romania, and the Romanian Government, we might reflect on what the situation and destiny of our world would be if socialism did not exist, and if mankind did not have the firm, wise, policy of the Soviet Union to oppose the imperialist obstinacy of Reagan and his followers.

The peoples of the world have confirmed in Reykjavik, and could clearly perceive thereafter, in the consecutive interviews and remarks of Comrade Mikhail Gorbachev, that the Soviet Union opened up in Iceland a broad spectrum of opportunities, all of which led to immediate, decisive agreements, the end goal of which was the one proposed by the CPSU secretary general himself, in his speech of 15 January: the total elimination of the nuclear threat.

In Reyjkavik, and thereafter, it also became obvious that the USSR is not only attempting to take accelerated, solid steps to eliminate the weapons of mass destruction, but is also willing to have this serve as a preamble to a future elimination of conventional weapons, in other words, to put an end to any possibility of war.

The world does not know what the real response of Mr Reagan and his devotees is toward that clearcut, transparent position. He left Iceland talking about "failure" and trying to accuse the Soviet Union of it. Upon arriving in Washington, hours later, he was already convinced that not even his own American people would accept that story; and, therefore, in his remarks to the Yankee public, he appeared on the defensive, while at the same time expressing optimism about the continuation of the negotiations, which was not reconcilable with his previous comments. Later, while simultaneously claiming the need for the Strategic Defense Initiative, dimwittedly and tenaciously, he spoke of possible agreements and continuing the negotiations; but, at the same

time, he has committed new provocations every day, expelling Soviet representatives from the United States in an offensive, insolent manner.

In opening our Council meeting, however, we cannot be pessimistic, despite President Reagan's vacillations and uncertainties, because the open position of the Soviet Union and the Warsaw Pact countries, that of our socialist community and of the socialist countries as a whole, is currently supported by a universal consensus that is growing more overwhelming each day. The world's assessment of the Soviet policy has never been more lofty than it is now. Although NATO publicly affirms its support for the Reagan policy, we all know that, over and above that formal acquiescence, explicit and avowed opposition is being voiced by leaders of the European countries, who constantly emphasize the constructive features of the Soviet proposals, and declare their tacit approval of the proposed agreements.

In these opening remarks, we would like to thank the USSR for all that it is doing, together with its allied Warsaw Pact countries, on behalf of peace. And, in the name of the Cuban people, their party, and their government, we express special gratitude to Comrade Mikhail Gorbachev, for the clearcut and, one must say, brilliant manner in which he has defended the positions of peace and socialism, at a time when the fate of mankind is in jeopardy.

The worldwide pressure for a shift toward peace in international policy, and the growing lack of support for Reagan's policy, backed by a desire for military supremacy and threats, cannot help but have a favorable influence in connection with various high-powered focal points of war existing in several regions.

Africa, currently shaken by the death of our beloved and great comrade, Samora Moises Machel, the origin of which we all suspect, is ready to become even more united, to organize and wage decisive battles against apartheid and its advocates, and to back the heroic struggles of the South Africans, guided by their ANC, and the battle for the independence of Namibia, headed by SWAPO. The veto by the U.S. Congress constitutes a blow to Reagan's "constructive engagement" with the South African racist-fascists.

Reagan's $100 Million and His Grim Threat of Intervention Will Not Conquer Nicaragua

On the other hand, Reagan's stubborn position against Nicaragua will not fare any better. Latin America and the Movement of Nonaligned Countries have reaffirmed the Nicaraguans' right to full national independence and to a democratic decision regarding their own destiny. The socialist countries, those of the European Economic Community, and other neutral European nations, maintain that the Contadora negotiating process, abetted by the Support Group, is the only viable one. Reagan's $100 million and his grim threat of intervention will not conquer Nicaragua, whose delegation here we wish to salute.

Mr President,
Honorable Comrade Chiefs and Members of Delegations:

While the international political atmosphere, which is still uncertain, admits the possibility of not being pessimistic, the interval separating us from the 40th Session of the Council has confirmed the evaluations that we made at it on the international economy.

World capitalism has not managed to emerge from its state of permanent semi-stagnation. The American administration's optimistic predictions have not been borne out. The minimal U.S. economic growth has been accompanied by the continuation of its process of internal and external debt which, combined with a reevaluation of the dollar, has reduced the purchasing power of the Yankee currency beyond expectations. Unemployment still prevails in Europe; the foreign debt of the underdeveloped countries, which is nearly a billion, is stifling them more each day, together with the low price of basic products. Some Latin American countries have predicted a moderate growth for this year, but it will benefit only less than 20 percent of their inhabitants. The rest, that is, the common people, will continue to be increasingly overwhelmed with unemployment, poverty, and backwardness. Africa, devastated by negative natural phenomena as well, has issued a desperate appeal. In short, the Third World countries which are not declining economically show only a slight growth, harassed by the disadvantageous international economic order, the conversion of which we are all demanding.

In that international economic context, the 42d Session of the Council, as indicated in the Executive Committee's report, for the presentation of which we thank Comrade Pacoste, proves to us that the socialism which we are achieving, whose shortcomings we member nations are the first to admit and criticize, and are determined to overcome, is nevertheless forging ahead along a secure path, which is that of the future. The data provided by the report on the growth rates of the global social product and national income, and on the rates at which our people's standards of living are rising, leave a very different image than that of vacillating capitalism. At the Moscow summit conference, we proposed ambitious goals for ourselves, based on deepseated scientific and technical changes. We are just beginning, and it would be naive to think otherwise; but the qualitative changes are already perceptible. The production and scientific and technical agreements that have been signed, the multilateral enterprises that have been established or reinforced, and the transformations in our international economic relations and in their basis for action, such as those announced by the Soviet Union, starting on 1 January of next year, indicate the change. A spirit of transformation is evident in the Soviet Union, the importance of which to socialism no one could diminish. All this inspires confidence, conveys security, and lends our effort the stamp of a shared responsibility emerging from the remarks that we have heard here from the heads of government.

Cuba has striven during this period, and will continue to strive in the future, to meet its obligations as a member nation of the socialist community, and to contribute, insofar as it is capable, to the common program that we have devised for ourselves.

In arriving at the 42d Session, we have decided on the principles of our economic relations for the next 5-year period, based on the summit meeting accords

and on our solid bilateral ties, through the coordination of plans with the Soviet Union, the German Democratic Republic, Bulgaria, Czechoslovakia, Romania, Mongolia, and Vietnam.

We are certain that the process of coordination with the other countries will be completed within a short time.

The reinforcement of our bonds with the socialist community ensures our opportunity for development, and reduces to a minimum the effects of our limited relations with the developed capitalist countries, with their low prices for basic products, their shrinking markets, and their stifling financial policy.

Our Exports Are Increasing With Our Participation in the Growing Socialist Market, With Its More Modern and Secure Areas

Based on the principles outlined by CEMA at the summit meeting, our exports to the member nations are increasing, with our participation in the growing socialist market, with its more modern and secure areas.

The electronic supplies, which, as was reported, had already included alphanumerical displays and electronic components, will be supplemented in the future by the production in Cuba of intelligent keyboards, for which we have already received confirmation of credit from the International Investment Bank. Discussions have begun that will enable Cuba to produce a part, large for us, of the hundreds of millions of sensors that the socialist community requires to modernize its productive system.

Our mechanical industry is also striving to expand the bases of that complementation with socialist types of production. The by-products of sugar cane and sugar are beginning to offer prospects for meeting the needs of the Soviet Union and other CEMA countries. The opening of the Genetic Engineering and Biotechnology Center augurs what Cuba will be able to contribute in this modern field.

Nevertheless, we have not ceased to be realistic. We perceive our difficulties and the shortcomings in the Cuban economy. The Third Party Congress, whose positive repercussions were underscored in the European socialist countries, took place under the aegis of severe criticism and necessary self-criticism, directed by the report, and shaped by requirements for the future, from our first secretary, Comrade Fidel Castro. Thereafter, the entire year of 1986 has elapsed marked by the correction of mistakes and of tendencies that could become dangerous in the Cuban socialist society.

We propose the immediate elimination of harmful elements introduced into the concept of the economic calculation guiding our socialist society, allowing wages that were not in keeping with the work performed, and rewarding unexpended efforts of those not deserving of incentives. We have put an end to the attempt to use price increases as a means for achieving a business profitability that is quite clearly unsatisfactory. We censured the inefficiency in the investment

process which kept billions of pesos already paid for unbuilt plants idle, thus contributing further still to the financial inefficiency. The real increase in productivity lies in the center of our work.

We should point out that, while we were beginning to trust in encouraging the workers' greed for money as a driving force for the economy, we were also starting a dissociation from the politico-moral factors without which the construction of socialism is impossible.

None of those factors alone, nor all of them combined, had assumed alarmingly dangerous proportions. But there is no doubt that, if it had not been for the summons from the party directors and the personal appeal and forceful leadership of Comrade Fidel Castro, the processes threatening moral erosion, with political attrition, would have ceased to be merely negative, and would have become dangerous.

We can assure the 42d Session that the corrective process led under the party's guidance is being carried out by the working class and all our Cuban people, with a total degree of participation and an identification with socialism that is being confirmed by deeds every day.

The Months Separating Us From the 40th Session Have Not Been Easy for the Cuban Economy

The months separating us from the 40th Session have not been easy for the Cuban economy. The drought, persisting until the present, for nearly 3 years, and Hurricane Kate, in November 1985, have been natural factors which combined with the disastrous sugar prices and the devaluation of the dollar, affecting the purchasing power of the products exported by Cuba. We must add to this the drop in oil prices because, as everyone knows, we export a small amount of Cuban petroleum and, based on an agreement with the Soviet Union, we reexport all the fuel supplies that we manage to save which, during 1985 and 1986, were annual amounts totaling about 3 million tons. The decline in prices has reduced by nearly 50 percent the funds that we were accruing from that major effort on the part of our country's workers, enterprises, and ministries.

This is why the results for 1986 are not those anticipated. There will be growth, but it will be a modest growth. The successes in public health, which rank Cuba in one of the top positions worldwide, will continue. The standard of living will also rise, although moderately. Unemployment as a social phenomenon appears only on a limited basis in certain regions.

At the same time, the difficulties stemming from our reduced but inevitable relations with the capitalist economy have been created by the more complex causes that have been cited. The renegotiation processes are not yet concluded. The United States, incapable of attaining its goals with the military threat to Cuba, and defeated politically in Latin America, with the consolidation of our presence and action in the Latin American and Caribbean community, is concentrating its efforts on the economic area, and working perversely to prevent Cuba from receiving fresh money with the refinancing of its debt, and

to prompt Cuba's traditional importers to cancel their sugar purchases. It is still persecuting Cuban nickel, as we have charged here, in this way making our relations with the capitalist economies more difficult.

We believe that this situation, a more serious one qualitatively and quantitatively, has solutions, and we shall seek them. But, in any event, we reaffirm here that it is in socialism and with socialism that we conceive Cuba's economic development, and we are certain that we shall achieve it.

That is why we attach so much importance to the reconciliation of the economic policies among our countries, which has only been attained in a limited fashion as yet; and we express our willingness to strive to make the maximum possible contribution to the proposed transformation of the CEMA mechanisms and the restructuring thereof.

In conclusion, Comrade President, we voice our total agreement with the report presented to us here and with the proposals submitted regarding the Nuclear Electric Power Plant Development Program. We adhere to the proposals made by Comrade Atanasov, regarding the joint training of cadres for nuclear energy.

We would not like to end without conveying the warmest salutations to the delegations from the invited countries: Afghanistan, Yemen, Ethiopia, Nicaragua, and Laos, which share with us, as brothers, the struggle in defense of the developing nations.

Thank you very much.

2909
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SPANISH JOURNALIST'S PERSONAL OBSERVATIONS OF CASTRO

Madrid CAMBIO 16 in Spanish 1 Dec 86 pp 32-33

[Article by Ander Landaburu: "Four Hours in Havana With Fidel Castro"]

[Text] In a spacious room at the No 6 protocol residence, where Nobel Prize winner Gabriel Garcia Marquez stays during his visits to Cuba, Fidel Castro settles himself in a large armchair.

He has been waiting for half an hour, and has expressed to "Gabo," his friend, a desire to hold an interview with the Spanish press, which is somewhat hurt by Fidel's "stand-up" during President Gonzalez' visit.

"I wanted to give your prime minister the entire spotlight, and I refused to grant interviews or participate in any press conference so as to prevent Felipe from having the slightest problem upon his return to Spain. I wanted to avoid any statement of mine being misinterpreted in your country."

After a few minutes of sounding out and observing his interlocutors, Commander Castro, with his legendary olive drab uniform and his beard almost completely gray, has broken the ice by the spontaneity of his conversation.

He claims to have lunched already, but accepts a drop of aged rum by way of an aperitif, while embarking on a long disseration concerning the fish hatcheries in Cuba, the mullet and grouper fish, salmon fishing, the eels in the Basque Country, and the Galician octopus.

He inevitably refers to gastronomy and proves to be an expert cook, offering recipes for preparing one or another kind of fish.

He also resorts to anecdotes, recalling the "competition" between President Mitterrand and the communist leader, Georges Marchais, when there was an occasion to send him cheese, and stressing the coincidence that, in 1 week, he received two goat cheeses: one from Gerardo Iglesias and another from Felipe Gonzalez.

It is noteworthy how he has so accurately mastered such diverse subjects as the manufacture and production of Spanish wines, whiskeys, and cheese; and how, at the same time, he asks questions at a fast pace, with remarkable journalistic curiosity.

He demonstrated that curiosity, which has become obsessive, with the Spanish businessmen. For 14 hours, during three lengthy visits, Fidel Castro conversed with the 140 representatives of small and medium-sized Spanish business firms who traveled to the Havana International Fair last week.

One after the other of the latter found himself subjected to an impressive bombardment of questions about quality control, production, new techniques, bonuses, wages, or management: "You are the men that we need," he told them flatteringly. Fidel is convinced that the commercial exchanges with Spain will increase from now on, and after Prime Minister Gonzalez' visit.

It is lunch time, and his approach to the meal is amusing. He begins timidly with: "Gabo, I'll make you the only quality control." But he does not resist the temptation to sample and eat everything, including a double serving of his favorite ice cream, coconut.

Nevertheless, as has appeared in many graphic documents, it is not the good appetite of the "supreme Cuban leader" that has forced him to loosen the notches on the belt of his well-known olive drab uniform; but rather the wearing of a bulletproof vest at many public events, which makes him appear fatter.

To prevent such overweight, the danger from a good appetite, which has increased since his spectacular abandonment of cigars, Fidel engages heavily in sports, particularly swimming and gymnastics. And he has a constant checkup of his heart with a critical test, involving frequest underwater fishing exercises, at depths of 7 or 8 meters.

This was attested by "his friend," Felipe Gonzalez, during their 2-day excursion to Cayo Piedra, where they were able to converse alone for over 8 hours. "Man, Felipe is a good friend and a great politician. We spoke sincerely and the points on which we agree are in the majority."

According to Garcia Marquez, that meeting did not lack the heated discussion in which Felipe appeared "more Latin American than Fidel, and the latter more Spanish than Felipe."

The commander declares now: "After our meeting, and despite my initial criticism, I have a better understanding of Prime Minister Gonzalez' position on the NATO issue, for example. We have our allies, too; we all have to eat," he adds, with a conspiratorial smile.

It fascinates him to inquire about everything and concerning everything: the earthquake in Mexico, or the situation in San Salvador after the recent quake. He always looks his interlocutors in the eye, and listens to them attentively, so as later to pick up the thread of the conversation with his unmistakable accent and tone of voice. He is a whirlwind when speaking, and his memory is amazing; because he often refers to meetings, examples and statistics, and frequently to humorous anecdotes.

Now, he is discussing airplanes and, at the age of 60, reached last August, he is still fascinated by aviation technology, although he shows a certain amount of fear of that type of travel, because of the possibility of accidents or attacks.

"The incident involving Omar Torrijos, the former Panamanian president, had to happen. He had bet on that lottery. He traveled constantly by helicopter or small plane, without regard for weather conditions. I don't believe that his death was due to an attack."

In speaking, he often does so vehemently, and always with conviction, constantly moving his large hands, usually the right one. He sometimes grabs his interlocutor by the shoulder, or strikes him gently on the forearm, to reaffirm his remarks. With a sense of humor, he makes fun of the "enemy," or jokes about the system's material shortcomings: the need to produce, and quality control; and, more seriously, cites plans such as that for eliminating the medical certificate to prevent abuses involving worker absenteeism. He admits the difficulties and mistakes, and sarcastically criticizes the bureaucrats, while requesting of the press more boldness in its comments.

He also acknowledges the shortcomings in some of the Cuban branches of production: "We shall be experiencing a period of restrictions. The drop in oil prices affected us seriously; within 3 months, 40 percent of our foreign exchange reserves vanished, and this last year's drought will seriously harm the sugar harvest."

Nevertheless, Fidel is still optimistic, and describes a considerable number of plans in the economic realm.

He also shares that optimism when analyzing the area's political situation, particularly since the OAS "summit" in Guatemala, with the condemnation of Great Britain in connection with the Falklands.

Cuba is emerging from isolation in Latin America, and the new relations with Argentina, Brazil, or Ecuador are substantially assessed by the Cuban leader. According to Fidel, despite the U.S. pressure, the political conditions have changed: "We are not in the 1960's; for example, there was no Contadora Group then. Today, the countries are proving to be more independent, and there has developed a deepseated sense of search for Latin American coordination, shared with the reaffirmation of national sovereignty and an effort for concrete solutions.

"We don't want to impose socialism on anyone; but rather to proceed toward coexistence, and Latin American integration, respecting the national sovereignty and system of each country. So, we maintain relations with conservative governments."

How far removed all of this is from his statements during the 1960's or 1970's, when he claimed that the duty of a revolutionary was to make the revolution, wherever it might be! Statements which, in turn, evoked a serious controversy with his Soviet allies.

Fidel smiles easily, but he also changes his expression when commenting on President Reagan's administration. His eyes shine with anger, and his severe expression then shows an enormous authoritarianism.

"We shall not terminate our support for the Sandinists, nor for the Salvadoran guerrillas. It is a matter of principle, and commitments assumed many years ago. The American policy is still aggressive, and, so long as that position lasts, we shall not accept it. Supplying the 'contras' with surface-to-air 'arrows' (missiles) is a dangerous irresponsibility. These weapons could show up any day in London or Paris. That is how the affair of the airplane hijackings began."

During the conversation, it becomes clear that the Cuban leader is thoroughly informed on what is happening in Latin America and the world.

Using abundant, direct, and plain language, Fidel wields an uncommon fascination, and therein may lie one of his secrets for his indisputable leadership as head of state and an acknowledged historical figure.

The revolution and institutionalization have not put the party, his apparat, in the forefront. The four congresses of the Cuban Communist Party have not diminished the power of the commander in chief and first secretary. On the contrary, he is involved in everything, he is concerned with everything, and even today, after 27 years, the revolution continues to be him.

This control and his inquisitiveness about everything have on various occasions forced him to assume a stance in the "opposition," and when he notices that there is "slackness," negligence, or ineptitude in the bureaucracy, he becomes enraged. The "Fidelazos" [Fidel's showdowns] are famous, and when they occur, his decision is imposed without further discussion.

It is a constant struggle to keep in contact with reality and to have advisors who dare to tell him the truth.

Finally, there arises the topic of Gutierrez Menoyo. He himself brings it up for discussion: "It is a subject that Felipe put to me some time ago. However, he had the sensitivity not to pressure me. In that regard, I do not accept any pressure from abroad. Felipe Gonzalez' sensitivity, and the nervousness that I noticed about him in this matter, forced me to accept that decision out of deference to him and to Spain."

There ensued a long list of CIA operations, attempted personal attacks against him, and the Radio Marti effort, which broke off contacts with the United States last year, and the American counterespionage effort.

He returns to the topic of Spain, and considers Prime Minister Gonzalez' proposal to organize a Cultural Olympics on the occasion of the Fifth Centennial as interesting.

His position on this issue appears to have changed substantially. From the initial harsh criticism or suspicion regarding the Spanish endeavor, he has

moved to a support and participation that is apparently sincere. "Great things can be accomplished in this reunion with Spain. We would also like to be the spokesman for Latin America at the Barcelona Olympics," adds the Cuban leader, with conviction.

In his book, "Fidel and Religion," Frei Betto maintains: "Fidel Castro lends a transcendental significane to any subject, from gastronomy to the Third World's foreign debt, with an amazing intellectual voracity."

What is factual and most likely is that this overwhelming personality will have to be accepted, willingly by some or unwillingly by many others. He has already "exhausted" six presidents of the United States, and even Reagan, in spite of himself, appears to admit that he will be unable to survive him politically.

At first glance, in Cuba, there is every indication that Fidel Castro retains a popularity that far exceeds what is thought, for example, by the exiles in Miami who periodically speculate on the health of the supreme Cuban leader.

Despite the criticism of the system, Fidel continues to be very popular.

After his second lunch in less than 3 hours, Fidel Castro drinks his second vintage rum as if by way of taking his leave.

2909
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GOVERNMENT 1986 INCOME ESTIMATED AT 2.28 BILLION PESOS

Santo Domingo LISTIN DIARIO in Spanish 7 Dec 86 pp 1, 13

[Article by Jose Romero]

[Text] Total government revenues for the year hit 2.283 billion Dominican pesos as of the end of this week, including overseas funds and regular income.

According to official figures, regular revenue accounted for 1.946 billion pesos, while foreign sources such as loans or donations accounted for some 337 million.

Official sources indicate that December revenues will probably reach some 120 million. If this estimate is accurate, which is almost certain because of activity during the month, cumulative revenues for the year would total 2.4 billion pesos. This squares exactly with the revenue budget that the administration submitted to Congress and that Congress approved for 1987.

"Over the 3 months of Joaquin Balaguer's administration the best economic news has been the striking recovery in government revenues and the president's prompt reaction in wisely investing these revenues to spur every sector of the economy, including some that were almost at a standstill," a government official said.

According to the official figures, revenues over the past two months (October and November) were slightly ahead of actual revenues for the same two months last year but somewhat below the estimates for 1986. Year-to-year estimates generally are based on a 10 percent rise from actual revenues the previous year. The assumption is that there will never be a decline and that economic activity will always expand.

Thus, according to the reports, revenues were in good shape in September and October. The changes were in the makeup of the revenues.

In September and October, which are two good months because year-end imports start to arrive, the General Directorate of Customs was the leading revenue collector.

By November, however, almost all merchandise had already arrived, and the Income Tax Directorate replaced it in the top spot because of the large advances (some 25 million) on tax payments.

The flow of funds into Internal Revenue has continued to expand.

Customs does not expect to contribute much in December, because the remaining imports consist of toys and candy, which are paid for with deductions, in contrast to normal imports. Some 10 million in advances on next year's car imports are expected, however.

The central government's revenues last year totaled 1.744 billion pesos, of which regular revenues accounted for 1.518 billion as of 1 December. Thus, total revenues for 1986 are up some 540 million.

8743
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REACTION TO CUT IN U.S. SUGAR QUOTA

Bosch Recommends Dismantling Industry

Santo Domingo LISTIN DIARIO in Spanish 17 Dec 86 pp 1, 12

[Excerpts] Last night, former President Juan Bosch estimated that 60,000 workers will be left unemployed as a result of the cut in the sugar quota and, at the same time, offered to negotiate the sale of sugar to Cuba and any other nation, in his concern for helping the country, "and, fundamentally, the workers and peasants."

The head of the Dominican Liberation Party [PLD] spoke at a press conference in one of the offices of his party's main headquarters.

Bosch outlined a tragic picture as a result of the decision of the U.S. Department of Agriculture to reduce the Dominican sugar quota, and claimed that the only way to resolve the crisis is by dismantling nearly all the 15 sugar mills currently operating, to convert them into factories for alcohol, paper, and other cane by-products, as Cuba has done.

But the political author and leader expressed the view that the cut in the sugar quota should not prompt President Joaquin Balaguer to declare the country incapable of paying the foreign debt.

Bosch blamed the Dominican governments from 1974 to the last PRD [Dominican Revolutionary Party] administration for not having adopted the provisions suggested by PLD regarding the crisis in which the national sugar industry was embroiled as a result of the large production of corn syrup, the price of which on the U.S. market is far lower than that of cane sugar.

The decision that former President Bosch should emerge as a negotating entity with the governments of Cuba and other nations of the socialist bloc was brought up by a reporter during the press conference.

Bosch remarked: "I am willing to go to any part of the world where my services could help solve a very serious crisis such as the one that we have. And, fundamentally, I would do so because I am greatly concerned about the fate of the workers and peasants, who are the ones most immediately harmed by this crisis."

Bosch read an excerpt from the lengthy article reprinted by "The People's Vanguard" from the speeches delivered by him on the program entitled "The Voice of PLD."

Quoting himself, he remarked: "The sugar-cane juice is extracted from the cane, and sugar is made from the sugar-cane juice, and many things are extracted from corn, including a syrup that is now replacing sugar."

Bosch claimed that all these warnings had been lost in a void, and that the country is now in a deepseated crisis that can only be resolved if the plan suggested by him is implemented, dismantling all but one or two of the sugar mills, so that they may continue to produce sugar for national consumption, and engaging in the manufacture of products derived from cane.

Majluta Emphasizes Alternatives

Santo Domingo LISTIN DIARIO in Spanish 20 Dec 86 pp 1, 13

[Excerpt] Yesterday, Jacobo Majluta declared that the reduction in the quota of sugar imports that the United States has assigned to the Dominican Republic is not so very serious as some have indicated.

Interviewed as he was leaving the country for Miami yesterday, the former presidential candidate of the Dominican Revolutionary Party said that, to cope with the problem posed by this reduction, action must be taken "with determination and speed."

He noted that the current situation should serve as a lesson to Dominicans that they should not wait for things to happen, so as to act later.

He remarked that the sugar cane produced by the Dominican Republic could be used for other purposes, and not solely to extract sugar.

He stressed: "There are a great many things that can be made from cane."

He claimed that this was why he thinks that "we need not be so pessimistic," and that the situation should be confronted forcefully.

He emphasized: "I don't believe that the country is going to be ruined by this (the reduction). It is not so very serious as some have indicated."

Morales Troncoso Supports Production

Santo Domingo LISTIN DIARIO in Spanish 21 Dec 86 pp 1, 17

[Excerpt] El Seibo--Yesterday, the vice president of the republic, engineer Carlos Morales Troncoso, said that the county could market the sugar among countries of the socialist orbit, in search of other markets, and reaffirmed that it would be sold to whoever pays the best.

Morales Troncoso spoke before hundreds of tenant farmers from the Romana Sugar Mill, gathered during a special assembly.

He claimed that sales are being made to all countries on the world market, and that this is a market to which everyone can go; adding that sales would be made to both socialists and capitalists.

He gave a reminder that, in 1982, the country sold over 2,000 tons to Russia. "In other words, there is the power of the president of the republic to establish trade relations in the case of sugar, and last Sunday, in San Pedro de Macoris, President Balaguer said that we would sell to the best buyer."

The vice president of the republic spoke here at the Faro de Hicayagua Club, where he also commented on the diversification of production, indicating that the first plan that the government announced was the one for pineapple at the Rio Haina and Catarey sugar mills, and that, in its agricultural phase, about $25 million would be invested, as in the case of other plans in the vicinity of Cotui.

He noted that a search is being made for other markets, and that "we shall not be upset, because we are encouraged by the guidelines devised by Dr Balaguer."

Morales Troncoso, who delivered a speech, commented: "Although we may have fleeting adversities, we are sure that, once again, there will be measures enabling us to extricate ourselves and to have happiness and prosperity restored; rather, what we must do is maintain it."

He added: "We cannot either become upset or weaken, but quite the contrary, we must strive with more spirit on behalf of what has been, is, and will be the support for the national economy, namely, our sugar."

2909
CSO: 3248/147

OIL, OTHER IMPORTS UP IN 1986

Strong Demand

Santo Domingo LISTIN DIARIO in Spanish 20 Dec 86 pp 1, 14

[Article by Jose Romero]

[Text] The country's total nonoil imports from January to August of this year were up close to 200 million Dominican pesos from the same period last year. Sales of imported goods have thus been on the rise in 1986.

According to statistics, the country's nonoil imports in 1985 totaled some 750 million, whereas this year estimates are that they will hit 935 million.

Oil imports have fallen from 400 million pesos in 1985 to some 270 million in 1986, owing to the drop in world crude oil prices. In volume, however, the country's oil imports are up, due mainly to an estimated 20 percent increase in gasoline consumption from last year.

Private sources have confirmed that during the last quarter of the year the country's import capacity has been stretched to the limit, as the enormous surplus of pesos in circulation has sought dollars for imports and the subsidy has remained stable.

Business sources have told LISTIN DIARIO that they have sold everything they have imported and that their warehouses are empty.

Many businessmen have sold more than twice as much as in previous seasons, they reported.

Furthermore, sources in the National Office of Statistics indicate that imports, including oil, totaled 755 million pesos from January to August of this year. The office did not break down the figure, but private sources estimate that oil imports account for 270 million of the total.

The country's total imports for all of last year amounted to 1.252 billion Dominican pesos.

Assuming monthly imports of 110 million (the same average as for the final third of 1985), the country's total imports this year will hit close to 1.2 billion pesos. This is more or less the same as in previous years. If oil is not included, however, we can see that commercial imports are up sharply from last year.

Oil Bill to Jump

Santo Domingo LISTIN DIARIO in Spanish 23 Dec 86 pp 1, 14

[Article by Jose Romero]

[Text] Because of the 15 percent rise in the country's overall consumption and because of the OPEC agreement to boost crude oil prices, estimates are that the country's oil bill will be almost $100 million larger in 1987.

Unofficial estimates are that gasoline demand was up 20 percent in 1986, which is equivalent to some $8 to $10 million in barrels of oil.

The assumption is that the average price of a barrel of OPEC oil will be $18 in 1987. The Dominican Republic, however, pays an extra $1.50 because we import a reconstituted crude oil with certain more expensive additives from Venezuela.

The country's 1986 oil bill is about $290 million, sharply lower than the $400 the year before.

In 1985 the country paid an average of $25 a barrel, compared to some $15 this year. The volume of imported oil is up, however.

Gasoline demand was up 22 percent between January and August of this year, edging down in subsequent months to 20. If we take into account all the other derivatives and the higher consumption of items such as liquefied petroleum gas, the overall increase is 15 percent.

In 1985 the country's demand for gasoline hit 114 million gallons. The projected increase of 20 percent for 1986 brings the figure to 136 million gallons this year.

The higher consumption of end products is reflected in the demand for a half-million barrels of imported crude oil, which the Dominican Petroleum Refinery processes.

A barrel of oil yields about 42 gallons of gasoline.

8743
CSO: 3248/146

ARCHBISHOP CALLS FOR PEACE TALKS

San Salvador DIARIO LATINO in Spanish 3 Nov 86 p 8

[Text] The archbishop of San Salvador, Monsignor Arturo Rivera Damas, said that he does not share President Duarte's opinion to the effect that "today is not the time to talk about a dialogue."

Duarte made the remark last week during a visit to the Supreme Court, and Monsignor Rivera was asked yesterday in Cuscatancingo about it.

"I think that now is indeed a good time to talk about dialogue. The people want peace all the time, and peace can be achieved only through dialogue. Military force is not the answer, and thus the Church will keep on insisting that the talks that were interrupted be resumed," the monsignor stated.

He said that for the time being he had not been in contact with the parties to the conflict but may be in the coming weeks.

"The Church has constantly lifted up its voice to cry out for peace in El Salvador," the archbishop said in his sermon. However, the recent earthquake has placed this priority task in a completely new framework. Now the 'great battle for peace' of which John Paul II spoke means the rebuilding of spirits and of the physical appearance of Greater San Salvador."

The monsignor also contended that war "is an earthquake that can be stopped only by those who hold the reins, and President Duarte is one of them. Hence both he and the insurgents have been urged to collaborate."

"It is not just a question of building homes and commercial establishments; above all, the issue is to rebuild the capital in accordance with criteria that are commensurate with the dignity of the human person, which is the basis of broad social justice."

8743
CSO: 3248/139

BUSINESS SECTOR NEEDED FOR ECONOMIC RECOVERY

San Salvador LA PRENSA GRAFICA in Spanish 5 Nov 86 p 7

[Editorial: "Support for the Private Sector"]

[Text] Representatives of the various political forces and of business organizations agree that under current circumstances resolute support for the private sector is essential to the country's recovery.

The major problems that El Salvador is facing at the moment cannot be solved solely through government action. No amount of foreign aid, no matter how large, would be enough by itself to restore our capacity to produce and to permanently meet the most urgent collective needs of our people. The generous donations that we have received and that we will likely continue to receive for some time are very valuable, in that they help us provide relief from the immediate effects of the crisis. But we must think about the future, because foreign aid will gradually dry up. This is what always happens in cases like ours. And then we will have to tackle national problems with our own strength and resources.

If the country's situation before the earthquake was extremely difficult, for various reasons with which we are all familiar, we are faced with truly grave conditions after the tragic event. A half-million people displaced by the war and subsisting mainly on international charity and 200,000 people left homeless and jobless by the earthquake are too large a burden for El Salvador to bear.

Therefore, it is indispensable for all of our inactive compatriots to become involved in production activities again, so that they can become self-sufficient and do their part for society. As the experience of other countries shows, only the private sector can accomplish this goal. Economic freedom, respect for the existing legal order and suitable incentives for private enterprise can do the job.

Therefore, support for the private sector is essential to tackle the crisis in which we find ourselves.

8743
CSO: 3248/139

NEW INCAFE PRESIDENT OUTLINES TASKS

San Salvador LA PRENSA GRAFICA in Spanish 5 Nov 86 p 17

[Text] "My immediate goals are to turn the Salvadoran Coffee Institute (INCAFE) into a reliable organization and to lay the groundwork for a recovery in domestic coffee growing," the new president of INCAFE, Dr Jorge Eduardo Tenorio, stated yesterday.

During a press conference at the Hotel Presidente, where the institute's administrative offices are temporarily located while the damage that the earthquake caused at its headquarters building is being assessed, Dr Tenorio stated clearly that he would regularize INCAFE's activities in the sense of publishing its financial statements on time and putting its entire administration in order.

From now on INCAFE "will be a glass building without curtains. I will pursue an information policy that will make the institute's operations and situation accessible to all Salvadorans, especially to anyone interested," Tenorio said.

The institute must become an administratively streamlined, flexible, austere and reliable entity and then lay the groundwork for a recovery in coffee growing and for an increase in output in all of the country's regions, the new president of the institute said.

He made it clear that the press conference was designed only to introduce him as a new president who wants to be available to the national press and to all of the sectors involved in the coffee business.

He indicated that he would make room for input into the institute's organization and administration, in other words, that both the mechanisms provided for in the law and other forms of cooperation would be operative.

Elsewhere in his remarks to the national press Dr Tenorio stated that the institute's financial statement has already been requested. "I am of the opinion," he said, "that the watchdog agencies ought to help maintain the prestige of these institutions. Therefore, under no circumstances will I feel upset; rather, I will ask both the Accounting Office and the Auditor's Office to keep tabs on my administration. What is more, internal and external audits

will be beefed up to safeguard the interests of the Salvadoran people and to lend trustworthiness to front-line institutions such as INCAFE."

He also mentioned that he would look into the institute's organizational chart and operating methods so that he could make it more dynamic and offer proposals.

8743
CSO: 3248/139

MEXICO CITY METROPOLITAN AREA COST OF LIVING DATA

[Editorial Report] The following cost of living data for the Mexico City metropolitan area have been extracted from a variety of press sources. Prices are expressed in pesos and the unit of measure is kilograms, unless otherwise specified.

Mexico City UNOMASUNO in Spanish 22 and 29 Dec 86, p 12 in both instances, reports:

Foods on sale:	at the Federal District Central Food Supply center		at self-service stores surveyed	
Date:	16 Dec: (retail price; smallest size and/or lowest quality)	24 Dec:	10 Dec: (average retail price)	16 Dec:
1. Bananas	120	120	156	151
2. Oranges	100	130	107	120
3. Starking apples	--	--	660	657
4. Hass avocados	380-400	380-400	376	358
5. Tomatoes	300-400	300-400	394	426
6. Green tomatoes	250-300	300	350	355
7. Red potatoes	200	250	275	294
8. Carrots	70-90	80-100	129	129
9. Italian squash	250	300	409	396
10. Peas	300	350	343	519
11. Green beans	400-450	400-450	613	544
12. Serrano chiles	260	300	685	783
13. Poblano chiles	150	150	888	921
14. Romaine lettuce	250 ea.	250 ea.	167 ea.	167 ea.
15. Lettuce	250 ea.	250 ea.	149 ea.	160 ea.
16. Spinefree nopal cactus leaves	200/6 pcs.	200/5 pcs	468/6 pcs.	483/6 pcs
17. Lemons	200-400	200-450	257	287
18. Medium-sized onions	210-230	210-280	317	313
19. Garlic	1200	1200	1710	1734
20. Beans	--	--	--	--
21. Rice	--	--	--	--
22. Whole chickens	--	--	1399	1304
23. High-quality chicken parts	--	--	1845	2022
24. Pork loin	--	--	2279	2523
25. Steak	--	--	1587	1697
26. Beef stew meat	--	--	--	--

Sausage and milk products are reported for sale at combination department-grocery stores by Mexico City EL DIA ('Metropoli' supplement) in Spanish 3 Dec 86 p 6 as follows:

	Cheapest Price Found	Highest Price Found
1. Parma mortadella	--	--
2. Zwan mortadella	1624	2444
3. Fud chicken coldcuts	1338	2189
4. Chicken coldcuts	--	--
5. Iberomex headcheese	--	--
6. Fud sausage	1271	2004
7. Fud Vienna sausage	1548	2378
8. Zwan Vienna sausage	1576	2340
9. Iberomex Vienna sausage	--	--
10. Fud mortadella	1647	2384
11. Fud headcheese	1459	2565
12. Chalco "panela" cheese	2117	2660
13. La Mesa "panela" cheese	2145	2660
14. Kristal aged cheese	--	--
15. La Mesa aged cheese	--	--
16. La Mansion aged cheese	--	--
17. Kristal "panela" cheese	1981	2509

Sausage and milk products are also reported for sale at combination department-grocery stores by EL DIA ('Metropoli' supplement) 10 Dec 86 p 6 as follows:

	Cheapest Price Found	Highest Price Found
1. Parma mortadella	2739	3490
2. Zwan mortadella	2176	2631
3. Fud chicken coldcuts	1338	2465
4. Chicken coldcuts	--	--
5. Iberomex headcheese	--	--
6. Fud sausage	1271	2190
7. Fud Vienna sausage	1548	2605
8. Zwan Vienna sausage	2114	2425
9. Iberomex Vienna sausage	--	--
10. Fud mortadella	1647	2615
11 Fud headcheese	1459	2610
12. San Rafael chicken coldcuts	-- 2250	-- 2661
13. San Rafael headcheese	2135	2400
14. Chalco "panela" cheese	2117	2566

Meats are reported for sale at combination department-grocery stores by UNOMASUNO 8 Dec 86 p 12 as follows:

	Cheapest price found	Highest price found
1. Whole chickens	1087	1330
2. High-grade pork stew meat	1750	2670
3. Ground pork	1595	2000
4. Ground beef	1025	1529
5. Chicken giblets	699	1060
6. Pork chops	999	1600

Meats are also reported for sale at combination department-grocery stores by UNOMASUNO 15 Dec 86 p 12 as follows:

	Cheapest price found	Highest price found
1. Whole chickens	1113	2220
2. High-grade pork stew meat	1750	2670
3. Ground pork	--	--
4. Ground beef	1100	1792
5. Beef stew meat	380	810
6. Steak	1400	1792
7. Pork chops	1200	1740

Meats and fish are reported selling for the following prices at combination department-grocery stores by EL DIA ('Metropoli' supplement) 17 Dec 86 p 6:

	Cheapest price found	Highest price found
1. Whole chickens	1115	1287
2. High-grade pork stew meat or pork loin	1950	2670
3. Ground pork	1799	2000
4. Ground beef	--	--
5. Beef stew meat	600	810
6. Steak	1400	1792
7. Pork chops	850	1500
8. Beef tripe	490	680
9. Fresh sardines	430	430
10. Fresh freshwater bass	306	720
11. Fresh mullet	360	600

Mexico City EXCELSIOR in Spanish 1 Dec 86 STATES section p 1 cites a report that milk is being sold at 260 pesos per liter in the State of Mexico municipality of Nezahualcoyotl.

UNOMASUNO 8 Dec 86 p 14 reports the sale in combination department-grocery stores of saffron vegetable oil at prices ranging from 268 to 402 pesos per half-liter and Inca-brand vegetable shortening at prices ranging from 399 to 785 pesos per kilogram.

UNOMASUNO 15 Dec 86 p 14 reports the sale in combination department-grocery stores of saffron vegetable oil at prices ranging from 595 to 785 pesos per liter.

UNOMASUNO 22 Dec 86 p 12 reports the sale in combination department-grocery stores of the following goods in the range of prices noted: saffron vegetable oil, 485-860 per liter; corn oil, 630-860 per liter; sunflower oil, 284-627 per half-liter.

EL DIA('Metropoli' supplement) 24 Dec 86 p 3 reports that in the tri-municipality area of Naucalpan, Zaragoza, and Tlalnepantla steak and high-quality beef stew meat are being sold at 2000 pesos. Meats identified only as "assorted cuts" are being sold in Naucalpan "at no less than 1000 pesos."

CSO: 3248/155

PRT, PMT, PSR PROMOTE PEASANT-ORIENTED LABOR GROUPING

CNPA Drawn Upon

Mexico City EL DIA ('DEL CAMPO Y DEL CAMPESINO' supplement) in Spanish 12 Dec 86 p 4

[Text] "A number of social and democratic organizations have decided to create a popular peasant and worker general confederation as an instrument for rural and urban workers to struggle for jobs, land, democracy, independence, and freedom," states the draft political resolution of the Popular Peasant and Worker General Union (UGOCP), which was founded on 23 November in Mexico City by the Revolutionary Workers Party (PRT), the Mexican Workers Party (PMT), and the Revolutionary Socialist Party (PSR), along with a few other groups.

The process that gave birth to the Popular Peasant and Worker General Union began last April, and involves mainly peasants. Chapters have been formed in practically all parts of the country except Quintana Roo, stated Luis Javier Valero. Valero and Margarito Montes and Jose Luis Moll make up the general secretariat of the organization; they are members of the PSR, the PRT, and the PMT, respectively.

More than 500 delegates attended the founding ceremonies, each representing 200 people. Thus, the membership is estimated at more than 120,000 "workers of the countryside and the city," stated Luis Javier Valero.

It was the Commission for the Promotion of Peasant Unification (CPUC) and the National Executive Committee of the General Union of Workers and Peasants of Mexico (UGOCM)-Red that issued the call to found this organization.

Their statement says: "The organization we seek to build must be democratic in its internal functioning, representative of its members, independent of the government and of management, and pluralist in that it respects the freedom of its individual members to engage in political activity."

The PMT brought to the UGOCP peasant contingents from no less than 11 states, and the PRT brought in the groups it had formed under the auspices of the National Coordinating Board for the Ayala Plan (CNPA), reported Jose Luis Valero. He explained that the CNPA still exists, and added that the UGOCM was

founded in 1949, so the UGOCM-Red, dissolved on 23 July, was the oldest of the merging groups.

The UGOCP has a National Executive Committee comprised of 50 members, a Secretariat with 18 elements, and a Collective General Secretariat made up of 3,000 members. Among its executive bodies is also a National Committee, which consists of the members of the National Executive Committee plus three representatives from each state federation, which in turn represents the regional and municipal federations.

The UGOCP also includes some state organizations, such as the Democratic Front of the Popular Struggle of Guadalajara. This body was founded in 1979 by the former president of the Guadalajara Student Federation, Horacio Garcia Perez, who is now in charge of the popular urban policy of the UGOCP.

Most of the members do not belong to the political parties which prompted the founding of the UGOCP, indicated Luis Javier Valero, who asserted that the religious creeds and political affiliations of all members of the UGOCP are respected.

Secretariat of the Popular Peasant and Worker General Union

Collective General Secretariat:
Luis Javier Valero Flores
Jose Luis Diaz Moll
Margarito Montes Parra

Secretary of organization: Rene Bejaranc Martinez
Secretary of trade union action: Luis Ortega Morales
Secretary of agrarian action: Rosalia Peredo Aguilar
Secretary of political education: Raul Rio Valle Uribe
Secretary of foreign relations: Enrique Laviada Cirerol
Secretary of finance: Beatriz Hijar Medina, Bernardo Alvarez Mendoza
Secretary of press and propaganda: Jorge Mendez Spinola
Secretary of files, services, and administrative support: Juan Miguel Ramirez Sanchez, Lourdes Castaneda Olivares
Secretary of economic promotion: Heliodoro Ortega Sanchez
Secretary of cooperative organization: Adelita Salazar de Castillejos
Secretary of popular movement: Horacio Garcia Perez
Secretary of youth action: Marti Batres Guadarrama
Secretary of work among women: Eleonora Contreras Villasenor
Secretary of Indian action: Antonio San Juan Jimenez
Secretary of agricultural labor unions: Heriberto Meza Campusano
Secretary of human rights: Alfredo Lopez Dominguez

13-Point Program

Mexico City EL DIA ('DEL CAMPO Y DEL CAMPESINO' supplement) in Spanish 12 Dec 86 p 4

["UGOCP Peasant Program"; no date or place indicated]

[Text] 1. The struggle against the exploitation of peasants and day laborers, and against capital, and the struggle to make the land and its products the property of those who work the land themselves, without exploiting others.

2. The struggle against latifundism in any form and, as a counterpart, the appropriation of land by the peasants, allowing private property but on an equal footing with ejido and commune peasants.

3. The struggle to eliminate the imbalance between urban and rural areas and between agriculture and industry, and to organize production and productivity to the benefit of all society.

4. For a democratic form of social organization in the rural sector without paternalistic, despotic state intervention. For a form of organization, representation, and conflict-settlement based on the broadest possible autonomy of peasant communities. For the recognition of the communal autonomy of the Indians, and of their right to govern themselves.

5. For the broadest possible political freedom in the countryside. For respect for democratic legal provisions that eliminate political persecution, guarantee the free exercise of the right of association, assembly, demonstration, and organization.

6. For a democratic legal framework in the rural sector that will guarantee respect for individual guarantees and the universal rights of man, and in which every individual has the unrestricted right to be tried in his mother tongue and to defend himself in that language.

7. For a legal system that eliminates and punishes as a crime any manifestation of racial and cultural discrimination.

8. For a legal system that lays the democratic and material groundwork for combatting the oppression of peasant women.

9. In favor of legislation guaranteeing unrestricted labor rights for farmworkers and workers in agroindustry.

10. For a legal system that protects peasants' rights to natural resources, prohibits the irrational use, depredation, of pollution these resources, and effectively combats their destruction.

11. For legislation to combat the degradation of nature and establish the conditions for a rational ecological policy.

12. For a legal system that establishes the norms for the democratic planning of the rural sector:

--The democratic administration by peasants of irrigation districts, rainy areas, highly productive plantation areas, forests, livestock areas, etc.

--For a democratic policy, under peasant control, on agricultural prices, credit, agricultural insurance, the distribution of components, the construction of infrastructure, crop planning, etc.

13. For a legal system that guarantees peasant youths and children the best material and cultural conditions for their development.

8926
CSO: 3248/134

REOPENING OF SIDERMEX STEEL SHEETS OPERATION CALLED CERTAIN

Mexico City LA JORNADA in Spanish 12 Dec 86 p 14

[For related reporting, see JPRS LATIN AMERICA REPORT of 4 Dec 86 (JPRS-LAM-111), p 92]

[Text] High-ranking officials of the parastate steel consortium, SIDERMEX [Mexican Iron and Steel], disclosed yesterday at the conclusion of a meeting of that state firm's Council of Administration that a study is being made of the possibility of reopening Monterrey Foundries (declared bankrupt in May of this year); because they noted that the steel sheets section (which will be reopened) has no one to supply it with liquid steel for processing. Moreover, they added, as specified in the industrial reconversion program submitted last month to the Chamber of Deputies by the secretary of energy, mines, and parastate industry, both the Lazaro Cardenas-Las Truchas Steel Complex and Mexican Steel Mills [AHMSA] will allocate their production basically for export, and hence AHMSA would be engaged in meeting the domestic demand.

At the end of the meeting held on the first floor of SEMIP [Energy, Mines, and Parastate Industry Secretariat], the parastate enterprise's officials noted that it is now a fact that the federal government has assumed most of the liabilities of the private group HYLSA [Tin Plate and Sheet Production], the main backer of the ALFA group, estimated at approximately $4.8 billion. They refused to state the terms under which Monterrey Foundries would be reopened, whether the Japanese investment would be sought again, or that country's joint investment with Mexico, or whether it would be national private enterprise that would take over the plant.

The director of Tin Plate and Sheet Production, Inc (HYLSA), Alejandro Elizondo Barragan, for his part, remarked that this year the demand for steel in the country would amount to 6,000 tons, representing a reduction of over 50 percent from the figures recorded during 1981.

During recent years, the government-controlled enterprises have produced 60 percent of the national steel, with the remaining 40 percent generated by private firms. HYLSA processes over 65 percent. By the end of this year, that figure may reach 70 percent.

In the corridors of SEMIP, the officials commented that the reopening of Monterrey Foundries is only a possibility, and that, for this very reason, there has been no definition of the terms on which this would be done; but they remarked that approximately 500 billion pesos would have to be "injected" during the next few years, a sum which was the reason for that steel works to close its doors on 9 May of this year.

What is a fact (claimed one of the officials frankly) is that the steel sheets section, the most modern part of that plant, will be reopened, and, at present, the conditions under which this will be done are being studied.

Of the HYLSA liabilities, 30 percent will have to be covered over the short term, while the total debt (representing about 70 percent of the total assets) will be covered during the next few years. Nevertheless, during 1985 HYLSA had net profits of 1.393 billion pesos; a favorable situation compared with the 1984 report, when that group claimed to have net losses amounting to 1.148 billion pesos.

2909
CSO: 3248/143

MONCLOVA STEEL PLANT DISMISSALS FOR JANUARY ANNOUNCED

Mexico City LA JORNADA in Spanish 12 Dec 86 p 3

[For related reporting, see JPRS LATIN AMERICA REPORT of 5 Nov 86 (JPRS-LAM-86-104), p 102]

[Text] A bulletin aired by Mexican Steel Mills [AHMSA] in the town of Monclova yesterday announced to the population that, as of 1 January, the first 900 workers will be dismissed, following the semi-stoppage of the No 1 plant in September, when three of its four furnaces went out of operation. At that time, the parastate enterprise, SIDERMEX [Mexican Iron and Steel] told the Chamber of Deputies' Patrimony Commission that there would be no reductions, but only "reshuffling."

On 20 September, an agreement was signed whereby many of the workers without working materials began doing different jobs, mainly on maintenance. This caused internal problems, because the collective work contract was actually being broken.

AHMSA's argument for laying off 900 of its 13,000 workers is that it intends to stop operating the No 1 Sinter unit, which is where the raw materials that lend substance to the steel, such as limestone, lodomite, and iron, are converted. Nevertheless, only about 100 workers are operating that machine; hence, one infers that the remaining 800 to be cut will be from other departments.

On the occasion of the deputies' visit, the SIDERMEX director, Guillermo Beker, commented that there would be no reductions, at least until May 1987, because the depression in the market had caused them to cut production by 75,000 tons per month. However, the sudden announcement of the reduction for January has changed the picture completely. The bulletin, by way of a lure, remarks that the workers' layoffs will be compensated for with amount of between 8 and 10 million pesos, and that "an effort will be made" so that the dismissed personnel will be those who have over 10 years of seniority.

2909
CSO: 3248/143

BRIEFS

CNPA, CONAMUP JOIN EFFORTS--The National Coordinating Board for the Ayala Plan (CNPA) and the Popular Urban Movement National Coordinating Board (CONAMUP) announced a unity pact to fight against the repression of popular and peasant movements. The CNPA contended that nearly 3,000 arrest warrants have been issued against agrarian combattants belonging to its 17 affiliated organizations. The CNPA and CONAMUP expressed their intention to struggle to obtain land expropriations in favor of applicants in both rural and urban areas. They called for the prompt regularization of land ownership, and criticized the austerity plan and the high cost of living. They also came out in favor of subsidies for basic goods and fuel for the lowest-income sectors. The CNPA pointed out that the problems in the countryside are growing worse, and that thousands of peasants who have applied for land have received no response from the Secretariat of Agrarian Reform (SRA), whose officials have delayed procedures or have ruled in favor of the "caciques" by granting them certificates stating they cannot be encumbered. The government is applying an anti-peasant policy toward the CNPA, a policy which is threatening the living conditions and the interests of poor rural families. "The government is making it increasingly difficult to distribute agrarian land so that it can guarantee continued ownership by large landholders and transnational corporations, dashing the hopes of thousands of peasants that they might obtain enough land at least to meet their own consumption needs. According to the CNPA, the peasants' legitimate demands have been met with intimidation, threats, kidnappings, and arbitrary arrests, as well as murders. It was said that in San Juan Copala alone, 450 Triqui Indians have been murdered in the last 10 years. [Text] [Mexico City UNOMASUNO in Spanish 10 Dec 86 p 9] 8926

CSO: 3248/134

LOCAL CDS REJECTS COURT DECISION

Managua BARRICADA in Spanish 9 Dec 86 p 2

[Text] The Sandinist Defense Committee [CDS] of Bello Horizonte Boulevard rejected the court decision to evict the aged woman, Isabel Pavon Martinez, 64 years old, "because it is considered unjust," according to Comrade Olga Fornos, CDS coordinator.

It turns out that Isabel worked for 50 years as a domestic employee for the Garcia family, owner of house No A-III-2. This family consisted of teachers and lawyers, "but they never even taught me to read," claims Isabel Pavon.

She has no children or family. Death overtook the Garcia Valery couple. Isabel was left living alone in the aforementioned dwelling.

The Garcia couple's children began harassing Isabel to leave the house. She replied: "I have no place to go, and I have earned the right to have a dwelling for having served you faithfully for so many years."

Since she did not leave the house, Flor de Maria Garcia brought a suit in the Second Civil Court, whose head, Marcos Aurelio Mercado Rodriguez, issued the eviction order.

Isabel has been an active CDS member and revolutionary guardian, and explained the problem to her CDS. The latter, in turn, reported it to the CDS ninth zonal group, and they decided to reject the eviction, "because it was considered unjust."

Olga Fornos showed a letter that the CDS had sent to the judge, recounting the history of Isabel's experience with the aforementioned family.

Isabel claims that she is entitled to inhabit a dwelling so long as she lives. Olga Fornos remarked that the CDS representatives would go to hold a dialogue with the judge, to clearly explain the matter to him.

They note that Flor de Maria even has another house in which she lives, "and she doesn't need the dwelling where Isabel resides," according to Olga Fornos, the CDS leader on Bello Horizonte Boulevard.

The 'Mini-Wars' Over Housing

The Ministry of Housing announced that, when there are intervening decisions of the Supreme Court of Justice, or Courts of Appeals, relating to housing matters, this state institution "can no longer become involved."

This response was given at the Housing Ministry to BARRICADA's People's Mailbox when there was a query regarding the case of Comrade Xavier Baca, a tenant of house No R-10 in Jardines de Veracruz, against whom the court (in Managua) made a decision.

It so happens that the owners of this dwelling left for the United States in 1978, leaving the house in the hands of Dora Garcia de Barrios.

The latter is the mother of one of the owners. They left her record books and authorization to rent the house for 500 cordobas, paying the monthly installments on time at the Ministry of Housing.

When 1984 arrived, the owners, in the United States, considered it necessary to retrieve the dwelling occupied by Xavier Baca, the tenant.

They sent a general power of attorney to Dora, who visited the Housing Ministry. Since they did not find in her favor, she went to the court, where they decided in her favor and, at the same time, ordered Xavier Baca to leave the house.

This decision was made recently and Baca went to the Housing Ministry again, where she was told to file an appeal in the court, and that she must provide the necessary evidence of the owners' absence and her stay in the dwelling since 1978.

Xavier claims: "I have nowhere to go. There are no houses in Managua and, besides, it is unjust for the court to decide against me, while the owners of this house have been outside of the country since 1978."

Perfecto Arroliga (representative of the Sandinist Defense Committees on the Housing Ministry's Housing Affairs Committee) also remarked: "We cannot do anything, because the court is in charge of the case.

Washer Taken as Spoils of War

A different case is being heard in the La Primavera district. Sebastian Tijerino occupies a rented room with his wife. The house belongs to Vilma Moreno Madriz, who ordered their washer taken away as spoils of war to force them to leave the dwelling.

They are also being charged for the use of drinking water and, according to the contract, they were not supposed to pay for that service. Tijerino claims that Vilma is making life impossible for them, through relatives who also live in Mrs Moreno Madriz' complex.

The Regional Housing Affairs Committee has made inspections in the complex, particularly in connection with the room occupied by Tijerino and his wife, and has ordered that they remain there as tenants.

2909
CSO: 3248/141

WHEELOCK REVIEWS ECONOMIC PERFORMANCE

Managua BARRICADA in Spanish 29 Dec 86 pp 2, 3

[Commentary by Jaime Wheelock]

[Text] To discuss the economic situation in Nicaragua, one must begin by asking whether mere economic statistics can be offered to explain a process of revolutionary transformation that is under violent attack.

We conclude that this is not possible; to discuss the national economy, it is necessary to discuss politics and the transformation that the economic base is undergoing, the mobilization of the people in the struggle to build a country that can fully guarantee its achievements and win its demands. Everything is closely interrelated; it is not possible to separate the issues.

From the economic standpoint, Nicaragua never was an exemplary country. On the contrary, it was subordinated, historically dependent on the United States, a supplier of raw materials, lumber, gold, minerals, cotton, and shellfish. It was not an industrialized country; it bought everything abroad, and become ever more dependent. In 1950, for example, its exports accounted for 28 percent of the Gross Domestic Product (GDP), but by 1977 they represented 70 percent.

How much a country's foreign trade grows depends on what it is able to produce and purchase. Subordinated countries almost always suffer a great deal from the fluctuations of prices on the international market. They undergo periods of extreme poverty and economic disorganization. Under such circumstances, Nicaragua did not accumulate wealth.

Beginning in the 1960s, it experienced a sort of industrial boom that was not the product of an internal accumulation, but rather of the incrustation of foreign capital. The latter took advantage of the favorable market conditions and opened up the process of Central American economic integration.

As the population grew at an annual rate of 3.5 percent, the country suffered from economic dependency, producing and exporting unprocessed raw materials. Its agricultural production for domestic consumption was extremely backward, with productivity in crops such as corn and beans perhaps among the lowest rates in the world.

Under these circumstances, we had:

--A very small segment of the population with a high income (without even privileged incomes), perhaps 10 to 15 families that led opulent lifestyles.

--A middle class, also small, made up of white-collar workers, civil servants and professionals.

--Rural and urban workers, who lived in truly subhuman conditions.

The latter registered a 65-percent illiteracy rate and a 120-percent infant mortality rate (up to 200 percent in the countryside), and potable water and sewage were provided to 15 percent of the rural population, 35 percent of urban residents.

All of this was to form the objective basis on which the discontent of the people would build up over the years. The people fought because they were politically persecuted here, and because there was poverty, uncertainty, and economic insecurity.

We inherited a bankrupt country that was thrown even more off balance by the earthquake of 1972 and the war of liberation that covered the entire territory; the Somocist guard had no qualms about destroying the structures of production and commerce, about burning and sacking entire cities.

After the triumph of the revolution, a period of national reconstruction began, with the entire nation united; and the recovery was relatively quick.

The productive base was revamped, and a far-reaching socioeconomic transformation took place, in the form of agrarian and industrial reform, the nationalization of the banking sector and of natural resources, the establishment of finance and tax revenue offices that were oriented toward meeting the people's most urgent needs, a national literacy campaign, the organization of the Uniform National Health System, and a nationwide preventive health program based on mass participation. Hospitals, rural health care centers, and schools were built.

In the rural area in particular, we began to organize and expand housing programs in order to rectify the terrible living conditions of agricultural workers on coffee, cotton, and banana plantations.

In other words, a phase of reconstruction and economic and social rejuvenation began; an organizational, political, cultural, moral, and economic reconstruction.

All of this coincided with an international economic crisis that severely hampered efforts to achieve a quick, effective, and widespread national reconstruction.

Since 1982, and especially in 1983, the reconstruction has been impeded by the aggression of the Reagan administration. Our efforts, which were focused on

economic reconstruction, had to undergo a change in priorities. The country began facing the aggression, although it did not abandon the reconstruction.

The aggression is comprehensive; it is not just an economic, financial, political, diplomatic, or propagandistic effort by a powerful nation that is forcing a confrontation with a small, decimated country that is still nursing its wounds.

In facing the aggression, we must readjust practically all our efforts to ensure that our country suffers as little damage as possible. We must even strengthen our revolutionary accomplishments and make the aggression a factor that will support the transformations that have been undertaken to benefit the people.

We appeal for national unity, with a solid popular content: the unity of the poor to combat the aggression. This aggression is supported by the Somocists, by antinational people, the degenerates of society. It is stirring up dissent and provoking the departure of people who thought they had a place in the country during the period of national reconstruction. There was a flight, a decapitalization afterwards, and we entered a phase of fighting against the aggression and at the same time against opportunistic tendencies.

In the legal sphere, a state of emergency was declared, and in the economic sphere the revolutionary transformations were stepped up: more land was distributed, labor was defended, drastic action was taken against the counterrevolutionaries and the decapitalizers, priority was given to the production and supply of essential goods so that there would not be a food shortage, unnecessary and luxury spending was eliminated, the most important productive investments were defended, speculators were controlled, and protected consumption was defended.

We began a readjustment of the economy (with a strong emphasis on political issues and the defense of the revolution) in response to the war, and since 1985 we have been going through a period of resistance and economic survival. The Reagan administration has obviously realized that it cannot win a quick victory (as it initially intended), and needs more realistic objectives. One of its key goals is to destroy, wear down, unravel, and destabilize the economy, the underpinnings of the people.

The war, in the final analysis, is aimed at overthrowing the government and smashing the revolution, but also the economy. Since 1984, the counterrevolutionary forces have clearly been attacking mainly economic and social targets, destroying the productive infrastructure.

During the 1983-1984 period, we suffered huge losses in dollars: $120 million in agricultural, lumber, forestry, fishing, and mining production, and $398 million in construction.

By October 1986 we had recorded similar losses: $518 million in physical damage to production, $117 million in domestic consumption, crops, and construction, and $280 million in exports.

In sum, we have suffered $1.007 billion in direct damage and financial and commercial aggression: $899 million from 1982 to 1985, $108 million for physical damage to production, credit restrictions, and the results of the trade embargo.

The most painful damage consists of the loss of 12,000 human lives, and more than 250,000 victims who have been wounded, have suffered damages, or have been displaced directly because of the war. This is a heavy toll for a country of 3.5 million inhabitants to bear.

In addition, there are indirect effects. Sixty percent of our livestock, milk, and meat production takes place in the war zone. The displaced population resided mostly on land that was well-suited to livestock and food production. Eighty percent of corn and bean production was located on land that was directly or indirectly affected by the aggression.

We have estimated the GDP we would have had under normal circumstances, without the military agression, even with economic crises, using the 1982-1983 figures as a basis. For 1984, primary production would have amounted to $708 million, but it was actually $534 million, 32 percent less. The sectors that suffered the most were agriculture and mining. Secondary production would have totaled $787 million, but actually amounted to $657 million, 20 percent less. In 1985, primary production was expected to be $752 million, but was really $536 million, a 40 percent deviation from the trend that had been building steadily in the country with the national reconstruction program.

For 1984, the GDP was projected at $2.695 billion, but it was actually $2.2 billion, a shortfall of 20 percent. Last year, it was expected to reach $2.86 billion, but it added up to $2.178 billion, representing a 31-percent decline in the country's potential capacity. Consumption has fallen by 42 percent over 3 years.

In 1984 exports were expected to total $750 million. Last year they were projected at $817 million, but sales added up to $437 million. In 1984, exports already were 86 percent below the capacity the country had had 2 years before.

In general, the GDP losses (adding together primary and secondary production and tertiary economic activity since 1981) amounted to a total of $2.38 billion.

These figures are unacceptable for a poor country. A war on the economy forces the economy to be on a war footing to defend itself. The people are committing their best human resources to national defense. At this time, 200,000 men are participating in military defense. They have been drawn from the labor force, which totals 1 million people, half of them men.

The material effort in terms of spending and consumption has also been heavy:

—10 percent of the national consumption of basic goods is earmarked for defense.

--The country's ordinary revenues (in 1980 cordobas) amount to 1.103 billion cordobas.

--The country's total spending amounts to 11.5 billion cordobas; the shortfall is 4.4 billion cordobas, nearly 40 percent of the budget deficit.

This is how our accounts look when we face aggression. Let us look at how they would look if there were no aggression:

--Ordinary revenues would total 9.326 billion cordobas.

--Total spending would be 9.432 billion cordobas.

--The defense budget would probably be 1.918 billion cordobas.

--The deficit would be only 97 million cordobas.

We would be operating with almost no deficit if it were not for the war.

The country cannot do without social spending on health or education, nor can it forego minimum investments in the production infrastructure or the support of other economic activity. We cannot bring people back to life, but we can restore the benefits of coffee production, power pylons, electricity substations, schools, and health centers. We must rebuild them, and they represent expenditures.

We have displaced 250,000 people and given refuge to hundreds of thousands. This has required the construction of 190 towns since 1983, primarily peasant settlements that must be provided with a production infrastructure, irrigation, equipment, and food aid for 6 to 9 months while they build up their own resources.

Undoubtedly the rest of the nation is feeling the pinch in family consumption, and we have taken steps to distribute the available goods better and more equitably.

The population's consumption has fallen by 25 percent since 1982, however--not in staple items such as rice, sugar, and oil, but in goods that are no longer imported because of restrictive import policies aimed at distributing resources and foreign exchange between defense and the indispensable basic production. Thousands of products have totally disappeared from the family basket, and if they are obtained, it is by paying speculative prices on the black market.

Public and social spending; housing, health, and education programs; and the maintenance and repair of the educational infrastructure are feeling the crunch. The reorientation of resources toward defense is affecting national investments more than anything else. For 2 years in a row we have scaled down and even eliminated dozens of production infrastructure, community improvement, and housing projects.

In addition, we have to contend with inflation. Both the aggression and the international economic crisis (in terms of the prices fetched by our products) are factors in this inflation. Inflation is not really a product of disorder or government inefficiency, but rather the logical outcome of an economy under fire that is pouring large sums of money into defense spending to counter the tremendous aggression by the United States. This unjust action has now lasted 5 years.

There is inflation when we make major expenditures to restore the infrastructure while keeping up social, health, and education spending.

Otherwise we would have to defend ourselves without education, without health, without government spending, without investments. Only in this way could we have defense without inflation. But we cannot forego minimal reconstruction.

This inflation is part of a struggle against imperialism, and also part of a class struggle, when we must choose between a rich man and a poor man, between subsidizing transportation or not subsidizing it. This causes inflation. A short time ago we set public transportation at 10 cordobas; a gallon of gasoline is under 200 cordobas; a tortilla, at speculative prices, is worth 100 cordobas; two tortillas can buy a gallon of fuel. A tortilla at speculative prices can pay for 10 bus trips.

We pay rice producers 6,000 cordobas for their product, and we sell it to the public at 4,000 cordobas; we lose 2,000 cordobas on every quintal. Now multiply 2,000 times 2.5 million quintals, and you get 5 billion cordobas, which is the current value of the rice subsidy. If we take that away, the people will have to pay the 80 cordobas that a pound of rice is worth.

Thus, as long as there is excess money in circulation as a result of the way we are defending ourselves against the military aggression, fewer goods are available, because we have restricted imports and because 60 percent of the livestock herd is in the war zone, so there is less meat, milk, corn, and beans. At the same time, this forces us to produce these items along the Pacific coast with contingent plans, investments, and tremendous effort. More money chasing fewer goods equals inflation.

As long as the aggression lasts, we will have to put up with inflation, the budget deficit, and financial imbalances.

The revolutionary government and the Sandinist Front are carrying out the economic program of the revolution, and they are still willing to uphold a mixed economy, an economic democracy that encompasses large, medium, and small producers, cooperatives, and state production.

This system is also costly. We cannot prevent, for example, a rice producer from obtaining equipment to produce, or a merchant from requesting foreign exchange to carry out his activities properly. We cannot prevent people from possessing vehicles purchased with the foreign exchange produced by their commercial or productive activity.

But this system, under which some want more well-being than others, is costly to the economy.

We are continuing our program of struggling against underdevelopment and pursuing the major programs to produce cooking oil, milk, meat, basic grains, and agroindustrial development. We are not giving up the revolutionary transformations that serve the interests of the great masses.

In 1986 we are operating under the influence of the military victories of last year, to a certain extent, because we have been consolidating the strategic defeat of the counterrevolution. The improvement on the military side has made it possible to resume activity in the rest of the economy and society.

The mobilization of the people for production is intensive; the workday, for example, has been increased by 60 percent in the farm sector, and workers are putting in longer days voluntarily, including Saturdays and Sundays. One problem that has concerned us is the reduction of the workday since the triumph, and the workers have now not only increased it, but have surpassed previous levels by far. This means that our people have reserves, and can successfully cope with a crisis situation.

This year we will also have a better coffee harvest than last year, and the largest sugar harvest in our history; cornfields cover 70,000 more hectares than last year, and crops in general cover 105,000 more hectares than in 1985.

The agriculture sector will experience absolute growth compared to last year. We will enter 1987 with a better organized people, an improved economic situation, international support for solving material supply problems, and more foreign exchange available to produce immeasurably better than in 1986. That is the situation.

8926
CSO: 3248/157

USSR COOPERATION ANNIVERSARY CELEBRATED

Managua BARRICADA in Spanish 29 Nov 86 p 2

[Text] "To us this symposium represents an example of real cooperation between two sister nations to produce know-how, science and technology," stated Luis Humberto Lopez, the rector of UNAN [National Autonomous University of Nicaragua], Managua, in opening the Methodological Scientific Symposium to commemorate the fifth anniversary of cooperation in higher education between the Soviet Union and Nicaragua.

Taking part in the event were Dr Joaquin Solis Piura, the president of the CNES [National Council of Higher Education], Belov Artur Nikolayevich, deputy minister of higher education and specialized intermediate education of the USSR, and professors from the National University.

In his address the UNAN rector stated that we are gathered together at a time when we are under attack, to show the world what we are capable of doing amid our difficulties and how much we could do if U.S. imperialism would leave us alone.

"We have received a sample of the Soviet Union's solidarity in 1986, as the first Nicaraguan professionals in the education sector graduated in that sister nation," he indicated, adding that although their studies have not yet borne fruit, they will do so in the years to come.

Furthermore, he emphasized that the Soviet people's quest for peace is genuine and is reflected in the aid given to other nations, whose sovereignty and independence are respected.

He indicated that the cooperation would not end here, that it would improve in quality and quantity and endure because the two revolutions are irreversible.

"In this spirit and with the confidence that we have in our irreversible revolution, let us get to work, because that is our main objective," he noted

Dr Solis Piura indicated that over these 5 years we have established a solid groundwork for cooperation with the Soviet Union in the field of higher education.

"There are more than 1,000 Nicaraguan students in 49 cities around the USSR, studying more than 130 majors, many of which do not exist in our country, which has saved the government millions of cordobas in the installation of laboratories and other technical equipment," he asserted.

He also reported that the USSR has helped to train professors and students in the Teachers Aid Movement and has provided assistance in the form of laboratories, books and teaching materials.

"We can see the huge difference between the United States, which causes us pain and suffering, and the Soviet Union, which is offering us extremely valuable aid to train our strategic cadres," he said in conclusion.

The scientific and technical cooperation between the two university systems was assessed by area at the symposium.

8743
CSO: 3248/142

2,000 PUBLIC EMPLOYEES TO CUT COFFEE CROP

Managua BARRICADA in Spanish 2 Dec 86 p 1

[Text] A total of 2,000 government workers are now ready to join in cutting the coffee crop as members of the 25th Anniversary Brigade, which will be leaving, primarily for the sixth region,between 10 and 12 December.

Luis Silva Baldelomar, who has been heading this mobilization in the National Union of Employees (UNE), said that there will be a total of 3,000 state employees leaving to cut coffee.

Many of the members of the 25th Anniversary Brigade participated in the coffee battles during previous years, and many of them are cutters of over five cans per day; but workers without experience in the cutting have also joined.

Silva noted that many intermediate public employees put up opposition to allowing the employees under their jurisdiction to participate in the cutting.

This prompted the UNE to request of the president of the republic, Daniel Ortega, that he instruct the government cabinet to facilitate the mobilization of state employees.

2909
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ROOFING FACTORY BEGUN WITH NORWEGIAN AID

Managua BARRICADA in Spanish 16 Dec 86 p 2

[Excerpt] The Ministry of Housing announced that, during the next few weeks, the first factory for fiber mortar, the purpose of which will be to construct tile-type sheets for roofing, is to be established.

The report from the Housing Ministry's publicity office indicates that the pilot plan will be started with the solidary contribution of $160,000, to be given by Norwegian People's Assistance to Vice Minister Roberto Lacayo, next Thursday.

This type of roof is made of cement, sisal, and hemp rope, and for this reason it is known as fiber mortar.

The justification notes that there are difficulties in the country in procuring roofing materials, and alternate solutions have been sought, with these fiber mortar factories.

The publicity office announced that the details of the plan would be made public at a press conference to be held at 1000 hours this Thursday morning, at the Ministry of Housing.

2909
CSO: 3248/141

BRIEFS

IDB LOAN USED TO BUY TRUCKS--Pablo Linares, the representative of the Inter-American Development Bank (IDB) in Nicaragua, yesterday presented 20 trucks to Construction Minister Mauricio Valenzuela; they were purchased with the proceeds of a $1.4 million loan that the IDB granted our country. In presenting the trucks, Linares stated that the IDB was proud and pleased to be able to help the revolutionary government fulfill its wishes. He added that he was surprised to see how far along the Rio Blanco-Siuna project was, even though it is located in a war zone. Thanking him for the delivery of the 20 Renault trucks, the construction minister stated that the workers and our people would make good use of the investment, asserting that the trucks would be used to complete construction of the Rio Blanco-Siuna highway and would then be part of the maintenance equipment for roads towards the Atlantic. Fielding questions from journalists, the IDB representative in Nicaragua stated that the bank's loan to our country did not stem from any "flexibility" but was in keeping with the commitment in the bank's charter to help all of its members. Linares indicated that the IDB has granted the revolutionary government a loan of more than $30 million to purchase fishing vessels, some 50 of which are under construction in Brazil. [Text] [Managua BARRICADA in Spanish 2 Dec 86 p 5] 8743

$25 MILLION LUMBERYARD PROJECT--Las Minas, Puerto Cabezas--In the thick of the humid tropical jungle of Special Zone 1, alongside the road linking the Atlantic and the Pacific and between the Rosita mine and Puerto Cabezas, construction is under way on the first buildings of what will be the PROFONICSA project, the largest sawmill and industrial lumber complex in Nicaragua. The project calls for the rational exploitation of forest reserves and the processing of hard wood into various products, 80 percent of which will be exported to obtain foreign exchange. The construction site of the project covers 36,000 square meters and comprises metal structures for three industrial plants, the workshops, the sawmill and warehouses. In another area, separate from the industrial facilities, homes are being built for the workers and a mess hall is going up. The jungles to be tapped are located in the southern section of Special Zone 1. Of the more than 50 varieties of hard wood there, 18 will be used in the lumber industry. Some of them are cedar, Maria, banac and mahogany. PROFONICSA will have an annual production of 32,000 cubic meters of ties for railway lines, 20,000 cubic meters of plywood, 5,000 cubic meters of sawn lumber and 10,000 cubic meters of wood sheets. Some 120,000 cubic meters of timber will be processed yearly to put out these

product lines. The first stage of the project will be completed in 1987. The sawmill will be putting out ties and sawn lumber, and logs will be exported. The second and final stage will begin in 1988. The project will cost $25 million; $15 million has been spent so far. It will generate $25 million a year in foreign exchange; in other words, the project will pay for itself in just 1 year. It will also provide 1,400 jobs. All of the equipment to be used in the PROFONICSA project is already in the country. [Text] [Managua BARRICADA in Spanish 16 Dec 86 p 2] 8743

CSO: 3248/142

NJAC EXPECTS LITTLE FROM PNM NOW, CRITICIZES NAR

Port-of-Spain DAILY EXPRESS in English 19 Jan 87 p 2

[Text]

THE National Joint Action Committee (NJAC) has said the three People's National Movement Opposition members of Parliament cannot make any meaningful contribution which will benefit the country during the next five years.

The point was made by NJAC official Kassala Kamara at a public meeting at the San Fernando Library Corner last week. The meeting was one in a series held by NJAC to inform the public on the state of the nation under the new National Alliance for Reconstruction Government. Kamara said NJAC had seen itself as the real opposition party in the country and was preparing for this phase of politics. Kamara pointed out that the change of government one month ago was not a change in any real sense but an exchange or changing of the guards.

He was critical of the ruling NAR Government saying that after one month the situation in the country remained unchanged. He explained that unemployment, retrenchment, lock out and vagrancy remained serious problems in the nation. The people, said Kamara, should be reminded of the Government's 90-day plan which he said had now been overwhelmed by what was called "a clean-up campaign."

Kamara spoke of the promises made by the NAR during the election campaign and said that John Humphrey, Minister of Housing Resettlement and Infrastructure had told the people that the land belonged to them. Yet, Kamara said, Humphrey used force by calling the police to deal with people who had occupied vacant houses at Malabar and La Horquetta. A true leader, said Kamara, would have gone to the people instead of the police.

Kamara criticised Prime Minister A.N.R. Robinson for referring the Scott Drug Report back to the committee for a further report within 30 days. He said that Robinson, during the election campaign had called for the report to be made public. 'And now instead of making it public, he has referred it back to the committee.

/9317
CSO: 3298/113

BRIEFS

NEW BRAZILIAN ENVOY--Brazil has named a new ambassador to Trinidad and Tobago, Fernando Silva Alves, 47. Alves will succeed Otavio Luiz de Berenguar Cesar, who leaves here in March. Alves previously served as Brazil's ambassador to Barcelona, Ottawa, Peru, Atlanta (Georgia) and Mexico. [Text] Port-of-Spain DAILY EXPRESS in English 12 Jan 87 p 2] /9317

TOBAGO ASSEMBLY APPOINTMENTS--Assemblyman Clarence Warner has been appointed Secretary of Finance in the Tobago House of Assembly. This was one of the changes made at Thursday's sitting of the Assembly which elected Dr Jeff Davidson as Chairman, former Chairman A.N.R. Robinson having resigned to become Prime Minister. As a result of Thursday's elections, there has been a re-allocation of the responsibilities of Secretaries, with two new appointments. Assemblyman Stanley Beard has replaced Dr Davidson as Secretary for Tourism and the Environment. Davidson retains responsibility for Agriculture, Marine Affairs, Forestry and State Lands and takes on Marketing, Cooperatives and Industrial Development and Planning. Deputy Chairman Hochoy Charles takes control of Transport, which includes Licensing, in addition to his responsibility for Works and Infrastructure. Miriam Caesar-Moore has been given the new responsibility of Housing in addition to her Health portfolio, while Dr J.D. Elder remains Secretary for Education, Community Development and Culture. George Archer is Secretary for Youth Affairs and Sports and Bernadette des Vignes, Secretary for Social Services and Welfare. [Text] [Port-of-Spain DAILY EXPRESS in English 17 Jan 87 p 4] /9317

CSO: 3298/113

- END -